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THE

# REGIONAL HOUSING PLAN

SAN FRANCISCO BAY AREA

AND

QUANTIFIED GOALS FOR HOUSING  
CONSTRUCTION, REHABILITATION  
AND ASSISTANCE

THE REGIONAL HOUSING SUBSIDY  
DISTRIBUTION SYSTEM

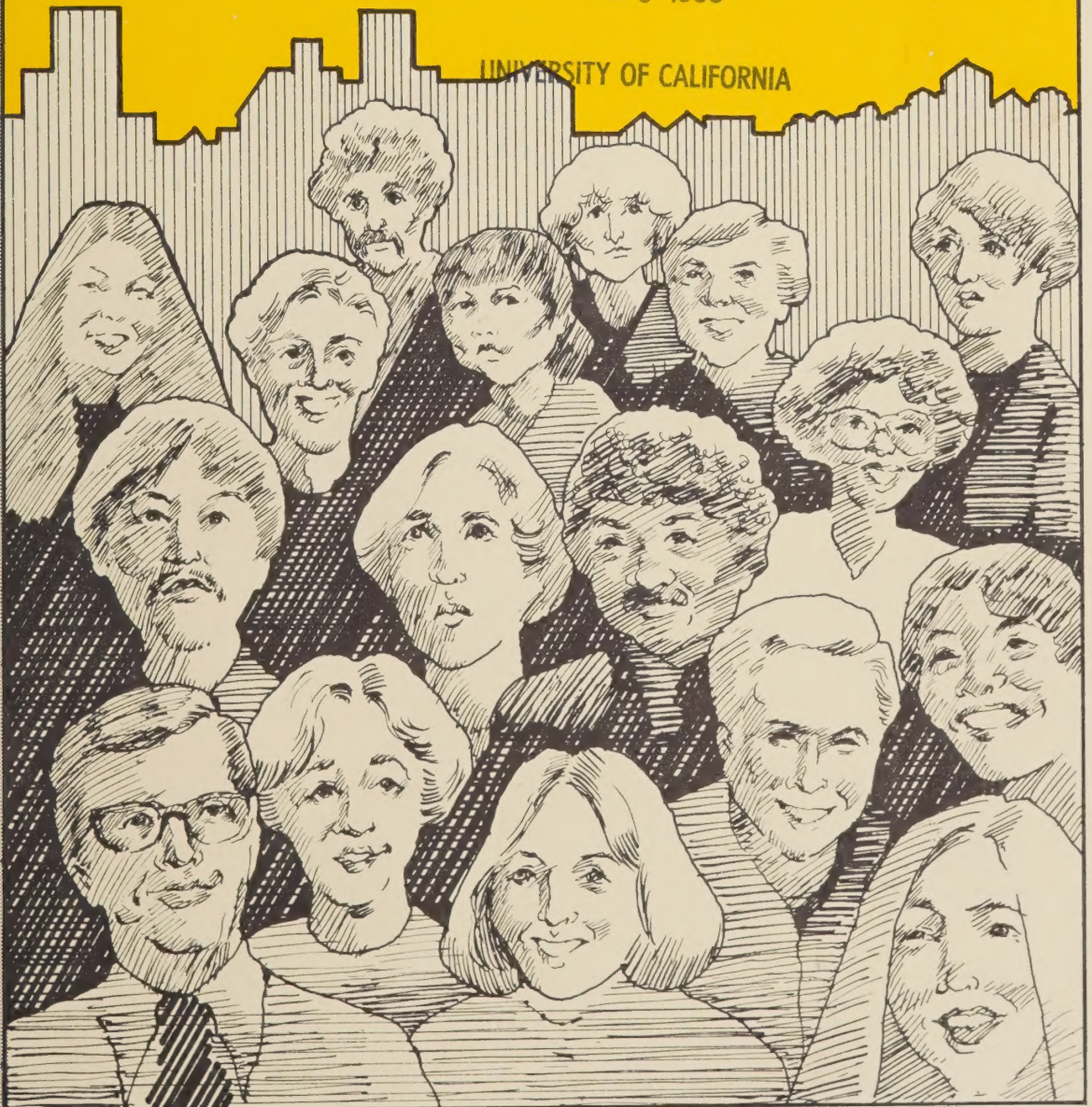
JANUARY 1978

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ASSOCIATION OF BAY AREA GOVERNMENTS

EXECUTIVE BOARD RESOLUTION NO. 2-78

APPROVAL OF THE REGIONAL HOUSING PLAN FOR  
INCORPORATION IN THE REGIONAL PLAN FOR THE  
SAN FRANCISCO BAY AREA

WHEREAS, housing planning is an essential part of the Association of Bay Area Governments' comprehensive regional planning program, and

WHEREAS, on August 21, 1975, the Executive Board approved Phase I of the Regional Housing Element, and

WHEREAS, the Regional Housing Plan builds upon Phase I of the Regional Housing Element to provide objectives, policies and an implementation program to guide regional efforts to meet housing needs, and

WHEREAS, many opportunities have been provided, regionwide, for public participation in the development of the Regional Housing Plan, and

WHEREAS, citizen concerns have been duly considered in drafting this document, and

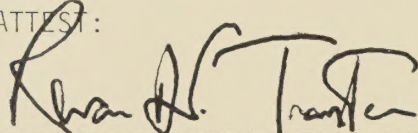
WHEREAS, an Environmental Impact Report on the Regional Housing Plan has been completed in compliance with the California Environmental Quality Act and State EIR Guidelines,

NOW, THEREFORE, BE IT RESOLVED that the Executive Board approves the Regional Housing Plan for incorporation in the Regional Plan for the San Francisco Bay Area.

Approved by the Executive Board of the Association of Bay Area Governments on the 19th day of January, 1978.

Effective date: January 19, 1978

ATTEST:



Revan A. F. Tranter  
Executive Director

SIGNED:



Lenard E. Grote  
President

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# REGIONAL HOUSING PLAN

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QUANTIFIED GOALS FOR HOUSING  
CONSTRUCTION, REHABILITATION  
AND ASSISTANCE

THE REGIONAL HOUSING SUBSIDY  
DISTRIBUTION SYSTEM

SAN FRANCISCO BAY AREA

JANUARY 1978

 ABAG



The preparation of this report was financed in part through an urban planning grant from the Department of Housing and Urban Development, under the provisions of Section 701 of the Housing Act of 1954, as amended.



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#### ACKNOWLEDGEMENTS

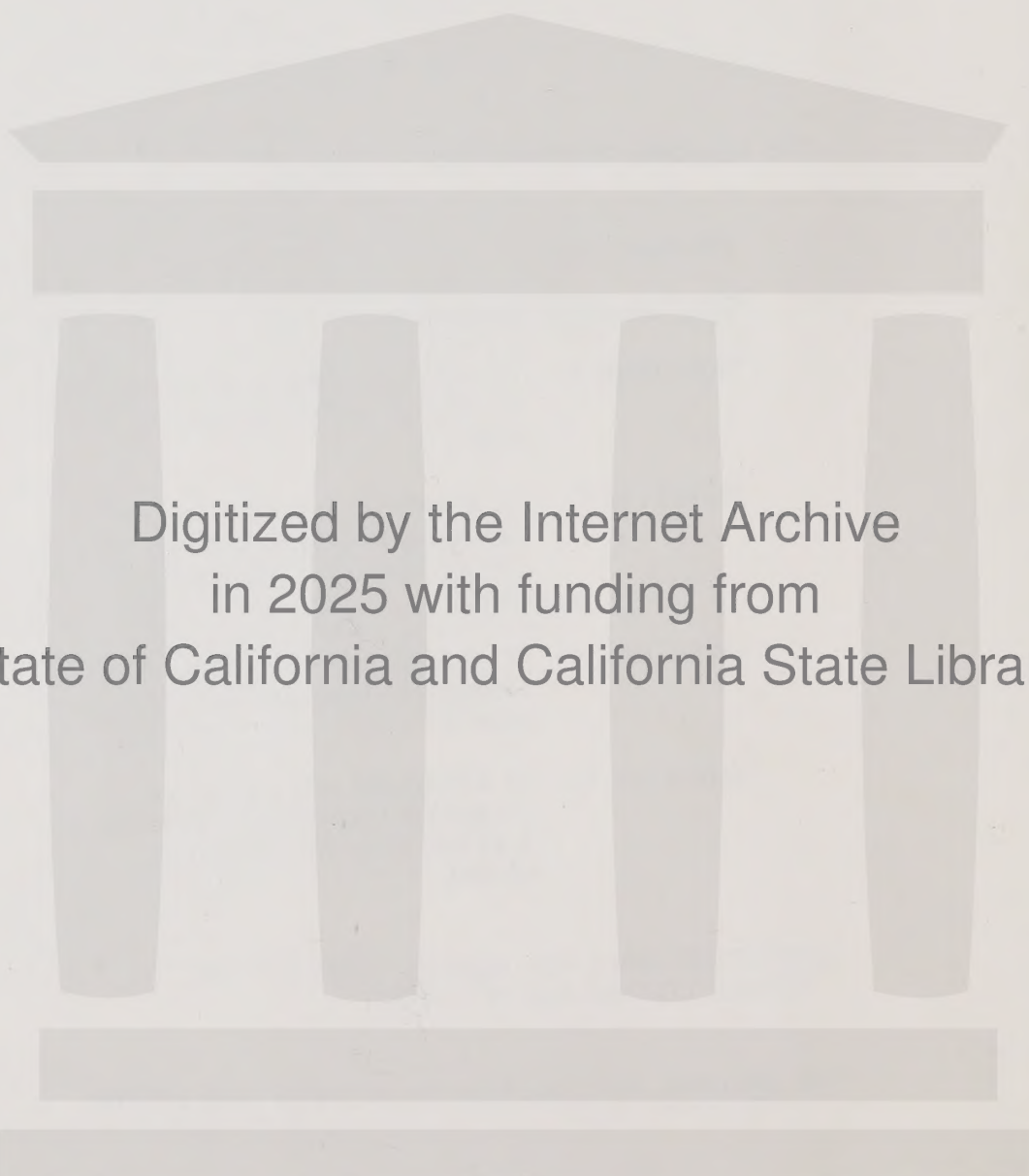
The Association of Bay Area Governments gratefully acknowledges the valuable contribution made to the Regional Housing Plan -

- by all those who participated in the county workshops and public meetings during the summer and fall of 1977;
- by the many public officials and citizens who submitted comments and testimony on earlier drafts of the Plan and EIR; and
- by members of the Regional Housing Task Force and Technical Advisory Committee who helped to develop Phase I of the Regional Housing Element.

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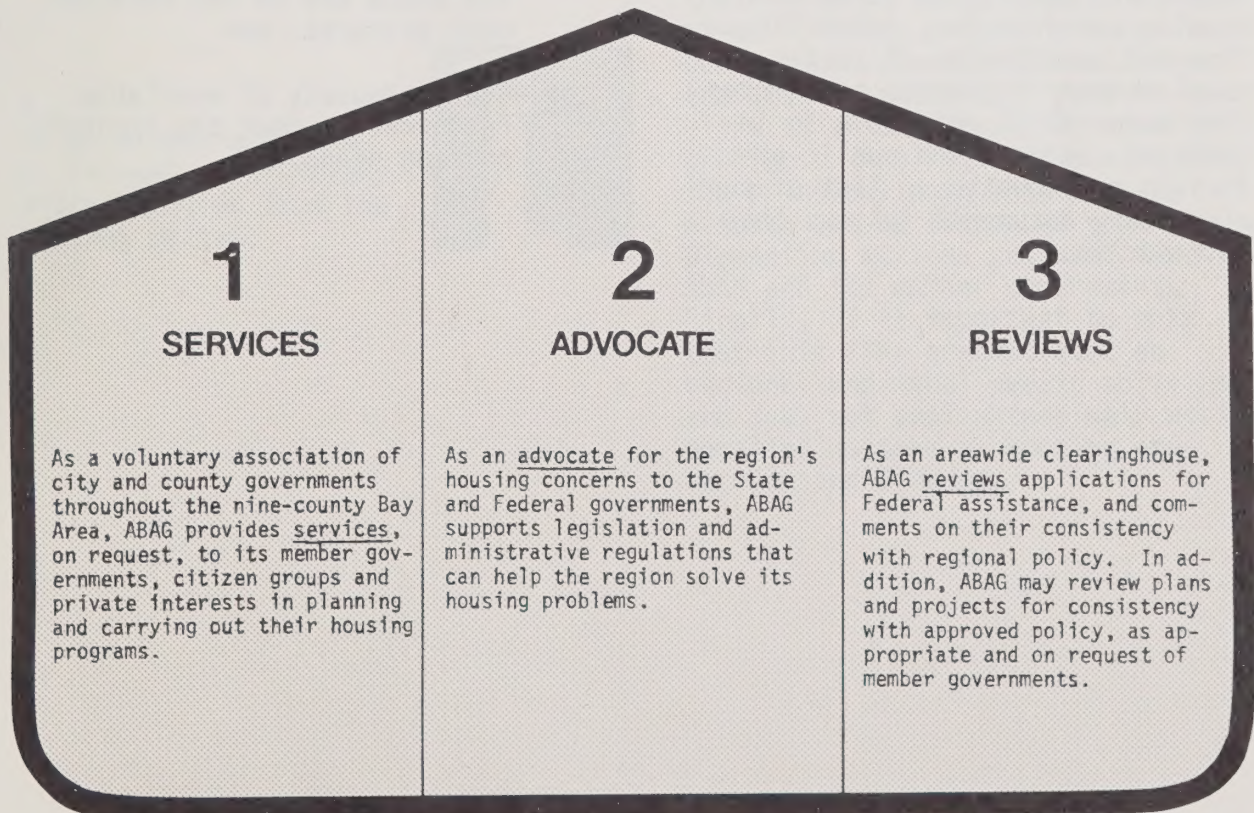
# Introduction

A regional housing plan provides a common framework and a guide for local governments to use in preparing their own housing plans. It also sets forth a positive role that can be performed by a regional planning agency, to assist and support local efforts to solve common problems.

In August 1975, the Association of

Bay Area Governments approved Phase I of the Regional Housing Element.

That document contained initial goals, objectives and policies which have been a part of ABAG's ongoing programs for the past two and one-half years. Phase I outlined three principal ways in which regional housing policies can be implemented.





The present document--the Regional Housing Plan--revises and adds substantially to the objectives, policies and implementing actions outlined in Phase I. It draws on two years of experience working with the approved Phase I policies and further analytic work to estimate current and projected housing needs. It reflects the concerns of member governments and interested citizens expressed during a series of public meetings held in August, October and December 1977.

The Regional Housing Plan constitutes the major component of an "areawide housing element" as required by the 1974 Housing and Community Development Act and other State and Federal regulations. In addition to the Plan, the completed "element" also includes the Regional Housing Subsidy Distribution System, approved by ABAG's Executive Board on September 16, 1976, the statistical data on which the Plan is based, and quantified goals for housing construction, rehabilitation and assistance. A series of supplementary documents containing this material is available to interested citizens and public officials on request. A list of supplementary documents follows this introduction.

In its Regional Plan 1970-1990, ABAG included the following very general housing goal:

To provide the opportunity for all persons in the Bay Area to obtain adequate shelter convenient to other activities and facilities, in neighborhoods that are satisfying to them.

Phase I of the Regional Housing Element identified these issues, which are still the major ones to be addressed by a regional effort in housing:

- the large and growing number of the region's households that cannot afford adequate shelter;
- the inequities and discrimination in the housing market;
- the impact of growth control efforts on the existing housing stock and on new development patterns; and
- the inadequacy of available resources to meet the region's housing needs.



Four broad objectives are included in the Regional Housing Plan:

1.  
To increase the housing supply in accord with the region's needs;



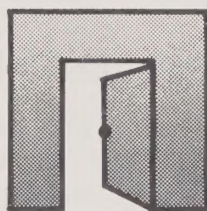
2.  
To maintain and improve existing housing so that it can better fill the region's needs;



3.  
To expand and conserve housing opportunities for lower income people; and



4.  
To eliminate all forms of illegal or arbitrary discrimination from the housing market.



For each objective, a set of policies will guide individual actions and efforts to solve the region's housing problems. These policies are also criteria by which to assess performance in achieving stated objectives.

The three categories of implementation functions are essentially the same as those approved in Phase I, and many of the actions outlined have been part of ABAG's work program. Underlying all of ABAG's plan implementation efforts must be an effective monitoring program. This consists of collecting and analyzing information from all levels of government, private industry and voluntary organizations to maintain a current picture of the region's housing situation.

Recognizing that local governments play a key role in meeting the region's housing needs, the Plan outlines some of the ways in which their efforts could be most effective. Citizen groups, private industry and voluntary associations are also essential partners in regionwide efforts to solve housing problems. The Plan lists some of the principal ways that private efforts can be linked to the implementing actions proposed for ABAG and its member governments. Finally, it is important to note that this Plan concentrates on regional and local public policies and does not deal extensively with detailed matters of housing production and finance.





## Supplementary Documents

Estimate of Housing Need - San Francisco Bay Area, 1970, October 1973.

Conserve: Toward Strategies for Conserving the Region's Housing Stock, September 1974. (Includes Neighborhood Profiles Study)

Phase I of the Regional Housing Element, San Francisco Bay Area, August 1975.

Second Estimate of Bay Area Housing Need, 1970, September 1975.

Regional Planning: Threat or Opportunity to Minority Communities?, November 1976.

Provisional Series 3 Projections: Population, Housing, Employment and Land Uses, San Francisco Bay Region, March 1977.

"Household Characteristics/Needs of Total Households and Special Groups, San Francisco Bay Area (1970)" Draft Report, May 19, 1977.

"Goals Quantification Memos," Memoranda, January 1978, Leonard Tom to files.

San Francisco Bay Area Housing Profile, 1970-1975, November 1977.

"Regional Housing Subsidy Distribution System," Summary Report, January, 1978, and the following earlier memoranda: April 27, 1976; June 29, 1976; September 16, 1976\*; October 4, 1976; January 17, 1977; January 20, 1977.

Directory of Subsidized Housing in the San Francisco Bay Area, September, 1977.

An Updated View of Regional Housing Problems and Alternatives for Action, Theresa Hughes & Associates with Urban Alternatives Unltd., December 1977.

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\* The September 16, 1976, memorandum contains the regional housing subsidy distribution system as approved by Executive Board and as accepted by the Federal Department of Housing and Urban Development. The policies and criteria contained in the approved system are included in the Regional Housing Plan.







## OBJECTIVE

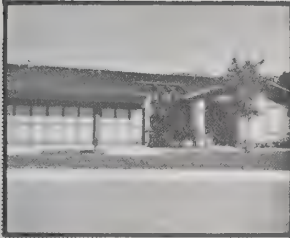
# 1

**To increase the housing supply in accord with the region's needs.**

- through planning programs that identify development opportunities as well as constraints;
- by increasing the amount of private investment in housing construction;
- by revising and streamlining the permit review process of public agencies;
- through improved information about the region's changing population and housing needs;
- through strengthened public and private commitment to housing production that meets the housing needs of all income levels.







## Policies

### 1.1 JOB/HOUSING BALANCE

New residential development should be located in or near areas that offer employment opportunities and should be discouraged elsewhere.

### 1.2 IN-FILL

New residential development should be encouraged in areas where public services and facilities are adequate to support added population and/or where sufficient improvements are already committed. It should be discouraged elsewhere.

### 1.3 DENSITY

In order to conserve fiscal and natural resources, local general

plans and zoning ordinances should be revised to provide for increased residential densities, where applicable and practical.

### 1.4 DESIGN

New housing should be developed with good design and construction quality and provisions for energy efficiency, and should provide for the preservation of community values and a safe and healthy environment.

### 1.5 VACANCY

New housing construction activity should be sufficient to produce vacancy rates that provide for adequate mobility and choice, minimize over-crowding for all income levels and keep down the rate of housing price inflation.

### 1.6 ENVIRONMENTAL SAFETY

In order to protect housing investment and public safety and to keep down housing costs, new residential development should be discouraged in areas containing environmental hazards, unless adequate mitigating action is taken.



## 1.7 REDEVELOPMENT

Selective public and private rebuilding of existing urban areas should increase the housing supply in areas with good access to employment, services and facilities. Redevelopment projects should minimize displacement and provide for relocation housing and assistance for those displaced, if needed.

## 1.8 PUBLIC INCENTIVES

All levels of government should provide incentives to stimulate private housing development, consistent with local and regional policies, needs and goals.

## 1.9 REVIEW PROCESS

The review of development proposals by all levels of government should facilitate residential construction, except where inconsistent with local and regional policies.

## 1.10 MIXED DEVELOPMENT

New housing should be located close



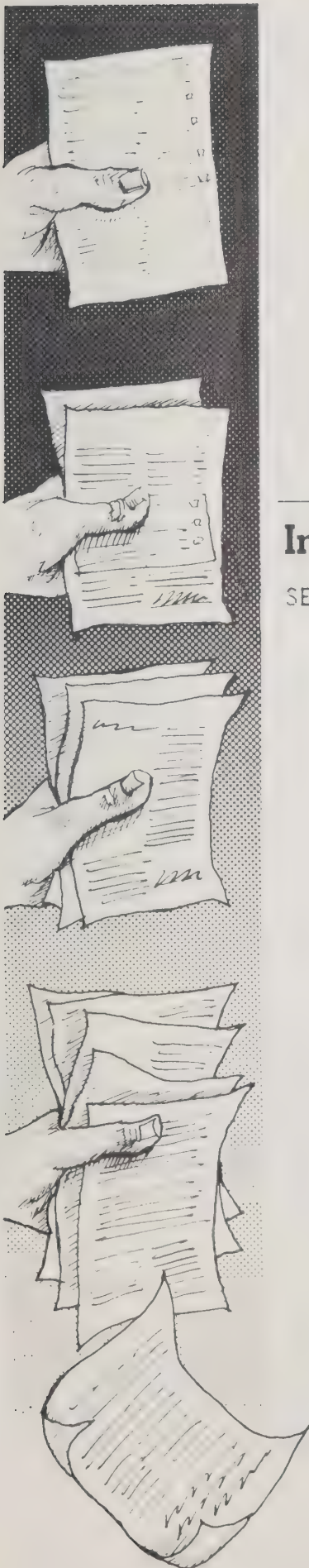
to commercial services and employment opportunities, in order to promote easy access; major commercial and industrial developments should be encouraged in conjunction with the development of new housing.

## 1.11 SECURITY

The design of new housing and neighborhoods should help to decrease burglary, vandalism and other property-related crime.







## 1.12 ECONOMIC DEVELOPMENT

New technology and innovative financing/development tools should be linked to public responsibility for manpower, economic development and community development efforts, in order to make housing and home-ownership affordable to lower and middle income people.

## 1.13 GROWTH MANAGEMENT

Growth management plans and programs should be consistent with general plans and housing elements and should specify strategies and actions to be initiated to meet local and regional housing needs.

# Implementation Functions

## SERVICE

- 1a - ABAG will advise and assist member governments in a joint effort to revise the procedures and fees required in development reviews, to reduce the time and costs involved.
- 1b - ABAG will issue periodic reports, conduct conferences and workshops, and seek other vehicles to disseminate useful information to stimulate housing development consistent with the region's needs.
- 1c - ABAG will give technical assistance on request to member governments in developing and implementing local housing elements consistent with regional policies.
- 1d - ABAG will advise and assist member governments in devising and adopting financial and legal mechanisms that would increase the flow of public and private money into housing development.
- 1e - ABAG will advise and assist developers, non-profit sponsors and others in efforts to produce housing in accord with regional policies.
- 1f - ABAG will assist State and local planning efforts in the design and implementation of zoning and other land use regulations that encourage the development of new housing for all economic segments near employment opportunities.

1g - ABAG will assist prospective developers to identify buildable sites for new residential or mixed use developments in areas that are consistent with local and regional policies.

1h - ABAG will serve as a resource for information on affirmative land use measures, tax provisions, and other types of ordinances and regulations that could help stimulate increase of the region's housing supply.

#### ADVOCACY

1i - ABAG will support applications for Federal and/or State assistance from communities which have housing plans and/or programs that are consistent with regional policies.

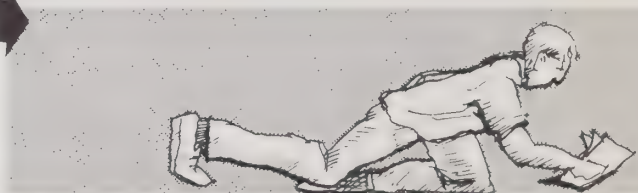
1j - ABAG will support a Statewide Housing Plan and program which expresses a clear commitment by the State to support and assist local and regional efforts to meet housing needs.

1k - ABAG will urge the State to adopt and implement housing element guidelines that allow for local variations in fiscal capacity and market constraints.

1l - ABAG will support State guidelines for local housing elements which encourage local governments to provide for conservation and expansion of the housing supply in accord with local and regional policies, and the availability of programs and financing.



IN →



1m - ABAG will explore and recommend tax reforms that would stimulate housing production in accord with approved local and regional housing policies.

1n - ABAG will support and assist efforts to achieve greater consistency among the housing planning requirements imposed on local governments by Federal and State agencies.



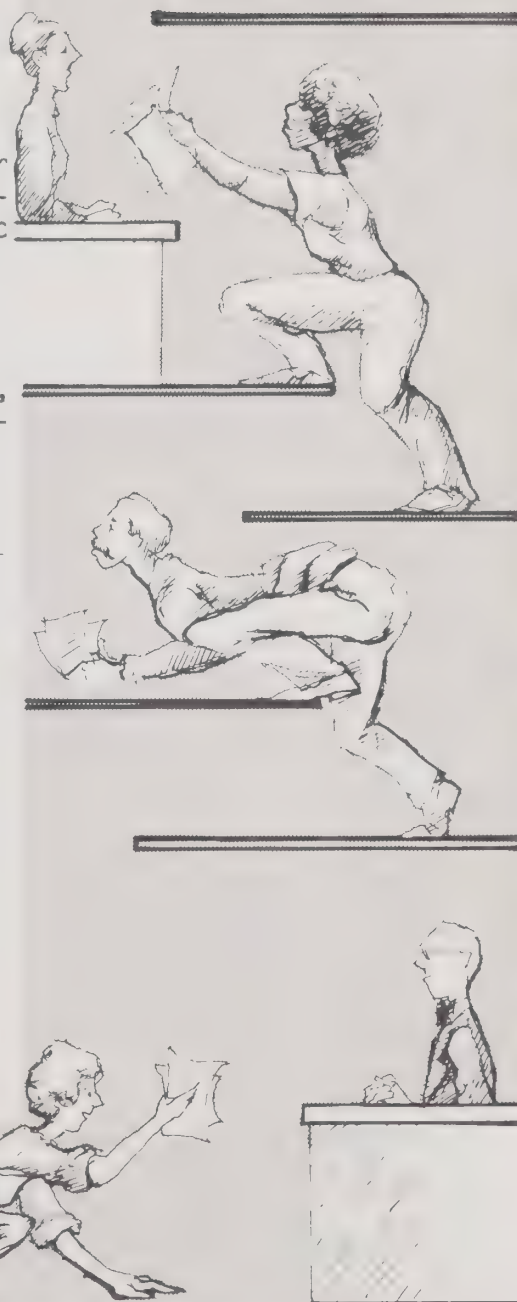
## REVIEW

- 1o - In its plan and project review function, ABAG will comment on housing plans, projects and applications that do not contain explicit strategies and actions designed to increase the housing supply consistent with regional housing policies.
- 1p - In reviewing applications for federal assistance, ABAG will comment on whether the applicant has adopted a housing element which contains a firm and realistic commitment to increase the housing supply consistent with regional housing policies.
- 1q - In its plan and project review function, ABAG will comment on whether plans, projects and applications would assure a balance of housing types to meet the needs of all income groups.

## Monitoring

The collection and analysis of information on housing activity throughout the Bay Area would assist ABAG, its member governments and private interests in efforts to expand the region's housing supply as needed. These are some of the types of information that would be useful:

- current population projections and periodically updated estimates of housing need for the region as a whole and appropriate subareas;
- status of housing planning and implementation programs of local governments;
- housing market information on type, density, size, location and price of new developments;
- current demographic trends, in-



- including household size and composition, income levels, etc.;
- changes in employment distribution and commuting patterns;
- changes in tax laws and other regulations that affect housing development;

- improved information on trends in housing stock and occupancy patterns; e.g., vacancy rates, conversions, demolitions, etc.;
  - Federal and State financial resources committed to housing in the Bay Area.
- 

## **ABAG's Member Governments**

In order to increase the region's housing supply in accord with its needs, these are some of the actions local governments could take:

- The development review process should be streamlined to remove unneeded obstacles and delays, and thereby reduce overall production costs.
  - Land use regulations, including zoning ordinances, should be revised to permit and encourage housing development at higher densities near employment centers and in areas with adequate services and facilities.
  - Local housing elements and growth management plans should be adopted which contain explicit strategies and actions directed to the production of housing in accord with regional policies.
- 

## **Other Actions**

Citizen groups, private industry and voluntary associations could help achieve an increased housing supply in the following way:

- work with local governments to streamline the development review process.
- recommend changes in land use controls and tax laws that would stimulate increased housing production.





## OBJECTIVE

# 2

**To maintain and improve existing housing so that it can better fill the region's needs.**

- by increasing public and private investment in existing residential areas;
- by supporting more stringent local code enforcement programs;
- by upgrading the quality of the declining housing stock and preventing future deterioration.

# Policies

---

## 2.1 EXPANDED EFFORTS

Housing conservation and rehabilitation efforts should expand region-wide, using both public and private resources.

## 2.2 COST/INCOME BALANCE

Housing conservation and rehabilitation should cause minimal increases in housing costs for low- and moderate-income people, both renters and homeowners, either as a direct result of the cost of improvements or as an indirect result of neighborhood upgrading.

## 2.3 PUBLIC RESOURCES

Housing improvement programs should be supported by housing subsidies, improved public services and capital improvements, where appropriate.

## 2.4 ANTI-REDLINING\*

Arbitrary restriction of loan funds or property insurance in selected residential areas--"redlining"--can cause decline of valuable housing and neighborhoods and, therefore,

should be countered by public and private actions to encourage lending in older residential areas.



## 2.5 ENERGY

Maximum energy efficiency of homes in the Bay Area is a desirable condition and should be supported as an important facet of improving housing quality.

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\*"Redlining" is defined by the State of California in the Housing Financial Discrimination Act of 1977. In summary, it includes: "discriminating in the availability or in the provision of financial assistance for the purpose of purchasing, rehabilitating, improving, or refinancing housing accommodations...due to consideration of conditions, characteristics, or trends in the geographical area surrounding the housing accommodation, except when the financial institution can demonstrate that such consideration in a particular case is required to avoid an unsafe and unsound business practice." The concept is further defined to include "...discrimination in such financial assistance by financial institutions due to consideration of race, color, religion, sex, marital status, national origin, or ancestry, or due to the racial, ethnic, religious, or national origin composition of the neighborhood or geographic area surrounding a housing accommodation."





## 2.6 NEIGHBORHOOD QUALITY

The improvement and maintenance of sound residential neighborhoods should be encouraged regionwide because they are important factors in housing quality.

## 2.7 SOCIO-ECONOMIC CONDITIONS

Increased employment and educational opportunities contribute to housing and neighborhood quality and should be available to residents of lower income neighborhoods.

## 2.8 SECURITY

Rehabilitation and conservation of housing and neighborhoods should

include efforts to help decrease burglary, vandalism and other property-related crime.

## 2.9 SEISMIC HAZARDS

Residential buildings with structural seismic hazards should be reinforced to provide safety for the residents.

## 2.10 MIXED DEVELOPMENT

In order to promote access to employment, commercial services and other needed facilities, existing housing in mixed use areas should be preserved wherever practical and appropriate.

## 2.11 SUPPORTIVE SERVICES

Government programs for housing conservation should include provisions for counseling and referral services as necessary to respond to the financial and other problems of the owners and tenants associated with rehabilitation efforts.

## 2.12 DISPLACEMENT

Housing conservation programs should be planned to minimize displacement as the result of code enforcement or resulting increases in rent or housing prices.

## 2.13 RELOCATION ASSISTANCE

Housing conservation programs should make realistic estimates of the displacement they will cause and provide relocation assistance for those displaced.

## 2.14 ECONOMIC DEVELOPMENT

Housing rehabilitation and neighborhood conservation efforts should be coordinated with and supported by economic development and job training programs.

## Implementation Functions

### SERVICE

- 2a - ABAG will assist member governments and citizen groups in designing and implementing housing conservation programs.
- 2b - ABAG will serve as a resource for information on fiscal, administrative, and legal tools useful in housing conservation and rehabilitation programs.
- 2c - ABAG will issue periodic reports, as appropriate, on useful innovations and new resources that can be applied in housing conservation and rehabilitation programs.
- 2d - ABAG will sponsor conferences, seminars, and research that will bring the various participants in housing conservation efforts together to exchange ideas, resolve differences and develop new solutions to problems.
- 2e - ABAG will assist in developing programs to train, or to improve the skills of, persons engaged in housing conservation programs and related support services.

### ADVOCACY

- 2f - ABAG will support revisions in tax regulations at all levels of government to provide greater incentives for private investment in maintaining and improving existing housing.





- 2g - ABAG will encourage use of Federal and State subsidies to support housing conservation and rehabilitation programs:
  - to help keep improved housing within the financial means of the area's residents;
  - to minimize dislocation;
  - to stimulate private investment;
- 2h - ABAG will support stronger and more effective legislation against "redlining".
- 2i - ABAG will encourage the use of housing codes--rather than building codes--as the standard for inspection of existing housing.
- 2j - ABAG will support the use of assessment practices that allow for housing improvement that brings a structure up to basic code standards without increasing the fair market value of the structure.
- 2k - ABAG will urge that Federal and State programs for financing housing rehabilitation include funds for the local administration of those programs.
- 2l - ABAG will urge that Federal and State programs to finance housing rehabilitation include funds for relocation of occupants displaced because of housing code enforcement or because the resulting increase in shelter costs exceeds their means.

#### REVIEW

- 2m - In its review of local housing elements and Community Development Block Grant Applications, ABAG will identify and question those that do not contain explicit programs to maintain and improve existing housing.
- 2n - In its plan and project review function, ABAG will comment on proposed actions that could cause the decline of housing and neighborhood quality.
- 2o - In its plan and project review function, ABAG will comment on plans, projects and applications that do not contain realistic



estimates of residential displacement which will occur as the result of public acquisition or code enforcement, including the needs of residents who cannot afford the increases in shelter costs caused by the improvements.

- 2p - In its review of applications for housing and community development funds, ABAG will comment on whether there is provision for relocation assistance to residents displaced as a result of activities funded.

## Monitoring

Many of the components of the monitoring function already described would support ABAG's efforts to meet this objective as well. These include information in the following areas:

- the amount of housing assistance actually being distributed to Bay Area communities, especially to support housing conservation and rehabilitation programs;
- current estimates of the age and quality of the region's housing stock;
- the relative effectiveness of local, State, and Federal programs in conserving and upgrading existing housing;

- the impact of rehabilitation programs on the price of housing.

## ABAG's Member Governments

Local governments play a key role in improving and maintaining the region's housing supply:

- Local governments should expand programs to monitor housing and neighborhood conditions, enforce housing codes, and conduct effective programs to conserve housing and neighborhoods.
- Capital improvements and needed public services should be committed, where appropriate, to support and encourage housing conservation and rehabilitation efforts.



- Code enforcement programs should develop ways to minimize inconveniences and financial hardships imposed on owners and renters when housing code violations are corrected.
- Local public agencies, working with voluntary associations and private interests, should provide counseling to low- and moderate-income property owners and tenants on housing improvement requirements and resources.
- Public funds should be placed in lending institutions willing to invest in older residential areas of the region.

## Other Actions

The maintenance and improvement of the region's housing supply requires full participation by the entire spectrum of private interests: tenants, owners, landlords, lenders, builders, neighborhood associations, etc. These are some specific ways in which private efforts can be most effective:

- Pre-sale inspection of existing housing could be instituted as a standard industry policy, to identify major

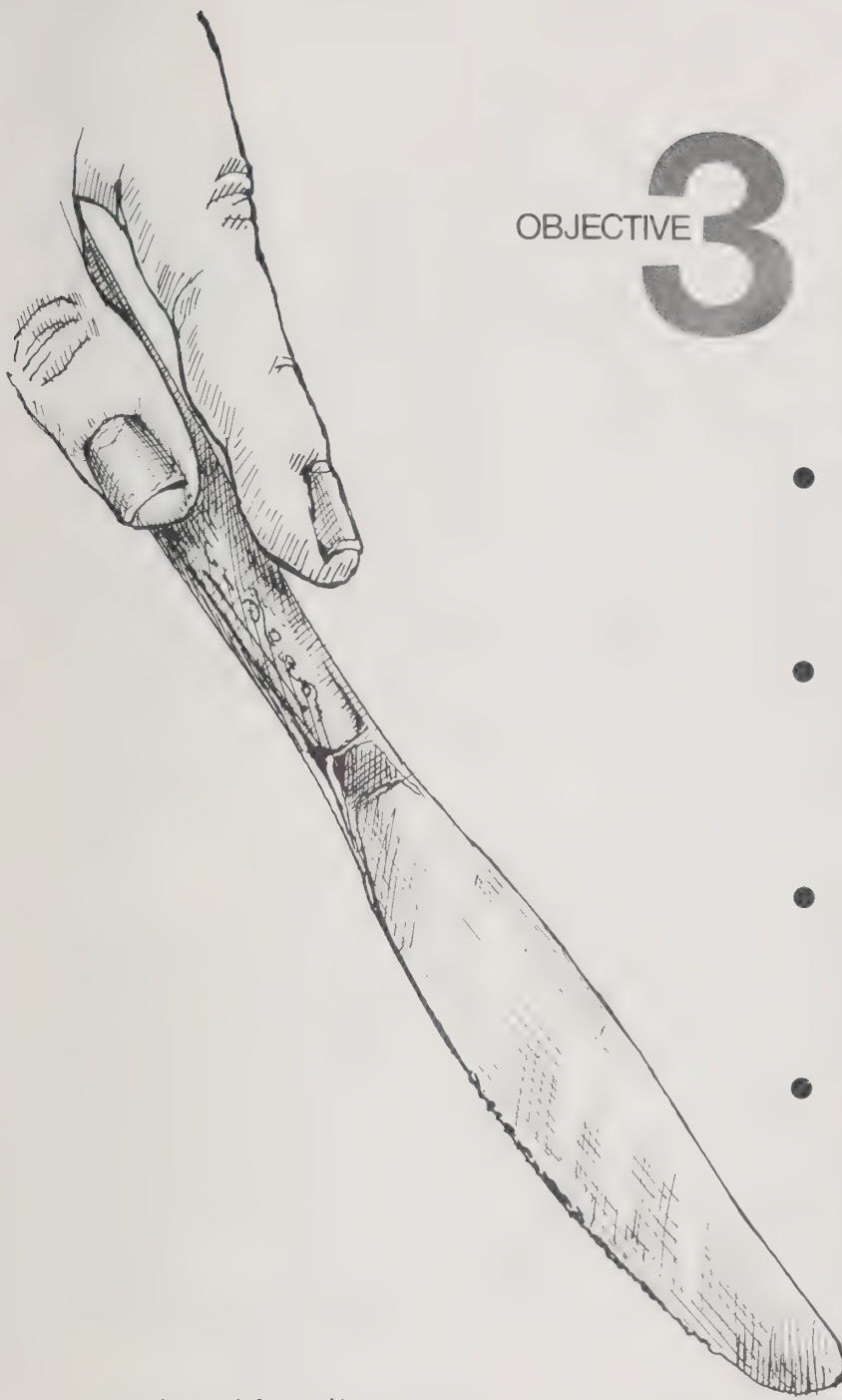
physical problems and clear up hazardous conditions.

- Trade unions should work with local governments to develop housing conservation and rehabilitation programs which increase employment opportunities.
- New construction as well as rehabilitation work should avoid those defects which later cause costly decline in housing quality, including inadequate design standards and faulty materials, equipment, or workmanship.
- Special loan pools and mortgage insurance funds should be formed to increase investment in existing neighborhoods and encourage investment in high risk areas.
- Contemporary building standards and housing codes should be examined to see if revisions are needed to ensure long-term housing quality and maximum energy efficiency.
- The supply and competence of personnel trained to conduct housing conservation programs and related support services should be increased through special training programs.









# OBJECTIVE 3

## To expand and conserve housing opportunities for lower income people.\*

- through changes in the Federal and State subsidy programs, to make them better serve the needs of this region;
- through cooperation between local governments and the private sector in expanding use of housing subsidies;
- by implementing and improving the Regional Housing Subsidy Distribution System;\*\*
- by increasing the amount of Federal and State subsidies available to the region as a whole.

\*The Housing and Community Development Act of 1974, Title II, Section 8 (f)(1) defines "lower-income families" as families with incomes that do not exceed 80% of the median income for the area. The Department of Housing and Urban Development is responsible for determining the standards for various parts of the country. "Areas" are considered to be Standard Metropolitan Statistical Areas and incomes are adjusted by family size.

\*\*A regional housing subsidy distribution system was approved by ABAG's Executive Board in September 1976 and was accepted by HUD as a basis for distributing housing subsidies in the San Francisco Bay Area. The policies and criteria contained within the distribution system are included in this Plan. A summary report and additional supplements are listed on page 5 and are available on request.





## Policies

### 3.1 LOCAL CONTROL

Housing assistance funds should be distributed among local areas within the Bay Area according to policies and procedures devised jointly by ABAG's member governments.

### 3.2 REGIONAL GOALS AND LOCAL TARGETS

A regional housing subsidy distribution system should set regional targets for assisted housing; each county and large city should be assigned a share of the region's total that is large enough to attract prospective developers.

### 3.3 EQUITY

Housing assistance funds should be distributed to give lower income people in all parts of the region equal opportunity to obtain suitable and affordable housing.

### 3.4 NEED

Housing assistance funds should be distributed to reflect the relative need for assistance in localities throughout the region.

### 3.5 ACCESS TO EMPLOYMENT

Housing assistance funds should be distributed to give lower income people greater opportunity to find suitable and affordable housing near places of employment.

### 3.6 ANTI-IMPACTION

Housing assistance funds should be distributed to:

- (a) increase the number and types of communities in which lower income people can obtain suitable and affordable housing.
- (b) avoid concentrating assisted housing in areas that already contain a substantial share of the region's assisted housing, and
- (c) assist in the stabilization or revitalization of neighborhoods undergoing conservation or rehabilitation of housing for lower income households.





### 3.7 LOCAL PRIORITIES AND GOALS

Each jurisdiction should develop its own program for community development and housing assistance, and set its own goals and priorities, based on local knowledge of need, market conditions and general feasibility, and guided by regionally set targets.

### 3.8 REALLOCATION

Housing subsidies that are unused as initially targeted to a particular Bay Area community should be available to other communities in the region who are applying for more assistance.

### 3.9 INCREASED ASSISTANCE\*

The Federal and State governments should greatly expand the amount of assistance funds to meet the housing needs of lower income people in the San Francisco Bay Area.

### 3.10 HOME OWNERSHIP

Low income home ownership should be encouraged as a means of expanding housing opportunities for lower income persons and as a means of improving and maintaining sound housing and residential neighborhoods.

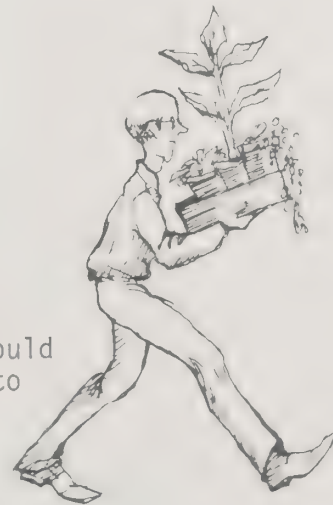
### 3.11 CONSERVATION

Housing that is presently within the price range of lower income people should be preserved wherever possible and practical.



### 3.12 GROWTH MANAGEMENT

Growth management plans and control measures should contain ways and means to expand and conserve housing opportunities for lower income people.




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\*The term "assistance," as used in this policy, and in other parts of this Plan, refers to subsidy programs, direct loans and grants, and rent supplements for lower-income people. Not included in this concept are indirect forms of assistance, such as mortgage insurance or income tax advantages available through various forms of housing finance.

## Implementation Functions

### SERVICE

3a - ABAG will assist member governments and citizens groups, on request:

- in formulating community development and housing assistance programs;
- in formulating local subsidy distribution systems suitable to their own needs and making local systems consistent with the regional system;
- through periodic reports on the actual distribution of housing subsidies and households receiving assistance;
- through information on current housing programs, laws and regulations.

3b - ABAG will serve as a resource for information on financing and development of ideas to increase housing opportunities for lower income people.

3c - ABAG will work with member governments, citizen groups, developers and others in the public and private sector to improve and update the Regional Housing Subsidy Distribution System and to increase housing opportunities for lower income people.

3d - ABAG will assist local housing authorities to devise inter-jurisdictional agreements to expand geographic choices for lower income people qualifying for Federal housing assistance.





3e - ABAG will disseminate to member governments and to interested citizens information on the Regional Housing Subsidy Distribution System and the procedures for its implementation.

3f - ABAG will disseminate information about successful subsidized housing projects-- especially those designed for families-- in order to help local communities provide housing appropriate to their needs.

#### ADVOCACY

3g - ABAG will apply for increased housing assistance from Federal and State agencies, on behalf of member governments and the region as a whole, consistent with the approved subsidy distribution system.

3h - ABAG will urge the Federal Department of Housing and Urban Development to continue using the Regional Subsidy Distribution System as the mechanism for disbursing housing subsidies in this region.

3i - ABAG will urge the State of California to incorporate the Regional Housing Subsidy Distribution System into the procedures used by its housing agencies to review and approve applications for subsidies.

3j - ABAG will urge the Federal and State governments to expand and improve housing subsidy programs and provide better incentives to stimulate private investment in lower income housing.

3k - ABAG will support efforts of local communities and housing agencies applying for housing and community development assistance, where they demonstrate a commitment to expanding housing opportunities for lower income people consistent with regional policies.



3l - ABAG will advocate Federal and State laws that would expand the supply of housing for lower income people.

3m - ABAG will support efforts to expand and conserve home-ownership opportunities for lower income persons.

3n - In accord with ABAG resolution 7-73, ABAG will continue to advocate repeal of California Constitution Article XXXIV, requiring referendum approval before the construction or purchase of low-income housing by a public entity.

3o - ABAG will support applications for housing assistance where local governments have set goals higher than regionally set targets, provided that:

- jurisdictions with lower than the regionwide average percentage of subsidized housing should have first priority in filling requests for additional subsidies; and
- the increased assistance will be used to expand housing opportunities for lower income people in areas where they had previously been excluded due to housing cost or discrimination; or
- the increased assistance will be used to support rehabilitation and conservation efforts to serve lower income households.

3p - ABAG will urge HUD, FmHA and the State of California to streamline their procedures for funding low- and moderate-income housing in order that the requirements and delays in processing not render the programs economically unfeasible.





## REVIEW

3q - In its plan and project review function, ABAG will comment on the consistency of plans, projects and applications with the Regional Housing Subsidy Distribution System.

3r - In its plan and project review function, ABAG will comment on:

- proposed actions that would cause a decrease in housing opportunities for lower income people, and
- plans that fail to demonstrate a commitment to expanding housing opportunities for lower income people consistent with regional policies.



## Monitoring

These are some of the more specific types of information that would support efforts to expand housing opportunities for lower income people:

- the types of assistance programs available at the State and Federal levels;
  - regulations and procedures issued for these programs;
  - the applicability of current programs to specific problems in Bay Area communities;
  - the extent to which available programs are being used in the Bay Area, and their relative effectiveness;
  - the amount of housing assistance--in dollars and/or units--actually being distributed in each Bay Area community and the number of households receiving assistance;
  - the number of housing units that have been built and improved with the assistance of Federal and State subsidies;
  - the problems and successes of communities outside the Bay Area in using housing assistance programs;
  - the experience of Federal and State agencies in administering current programs and efforts to devise new programs.
- Housing assistance needs should be realistically addressed in local housing elements, housing assistance plans, community development programs and growth management plans.
  - Local ordinances, administrative codes, and procedures should be reviewed and revised to remove any obstacles that would unnecessarily inhibit the use of housing assistance programs.
  - Local governments should consider innovative zoning mechanisms to permit and encourage expansion of housing for low- and moderate-income people; e.g., density bonuses, planned unit developments, cluster zoning ordinances, growth management plans.
  - The Regional Housing Subsidy Distribution System should be used as a guide for local planning efforts.
  - Local governments should support ABAG's efforts to seek increased Federal and State housing subsidies on behalf of its member governments and the region as a whole.
  - Local governments should advocate changes in Federal and State subsidy programs, to improve their effectiveness in meeting local needs.
  - Local governments should oppose ordinances, actions, or projects that would unduly restrict the potential supply of housing for lower income people, that would add unnecessarily to its cost, or that would make only high-priced housing feasible.

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## ABAG's Member Governments

Local governments play a key role in expanding housing opportunities for lower income people. Their efforts should include the following:



- Local governments should support Article XXXIV referenda to permit the construction or purchase of low-income housing by a public entity.
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## Other Actions

Citizen groups, private industry, and voluntary associations all are essential partners in the region-wide efforts to expand housing opportunities for lower income people. Here are some of the ways in which private efforts can be most effective:

- Find out about housing assistance programs and use those that are suitable.
- Recommend changes in subsidy programs and the regional subsidy distribution system.
- Contribute information and ideas that would make the Regional Housing Subsidy Distribution System more effective and better implemented.
- Recommend ways in which local, State, and Federal laws, regulations, and policies should be changed to further expand housing opportunities for lower income people.
- Work with public and private agencies to devise legal and financial mechanisms to increase the flow of private investment into housing for lower income people; e.g., a high risk loan pool could be formed jointly by a number of lending institutions and with public support, to increase mortgage funds available for lower income people.
- Support efforts to increase home-ownership opportunities for lower income people, such as through housing cooperatives.

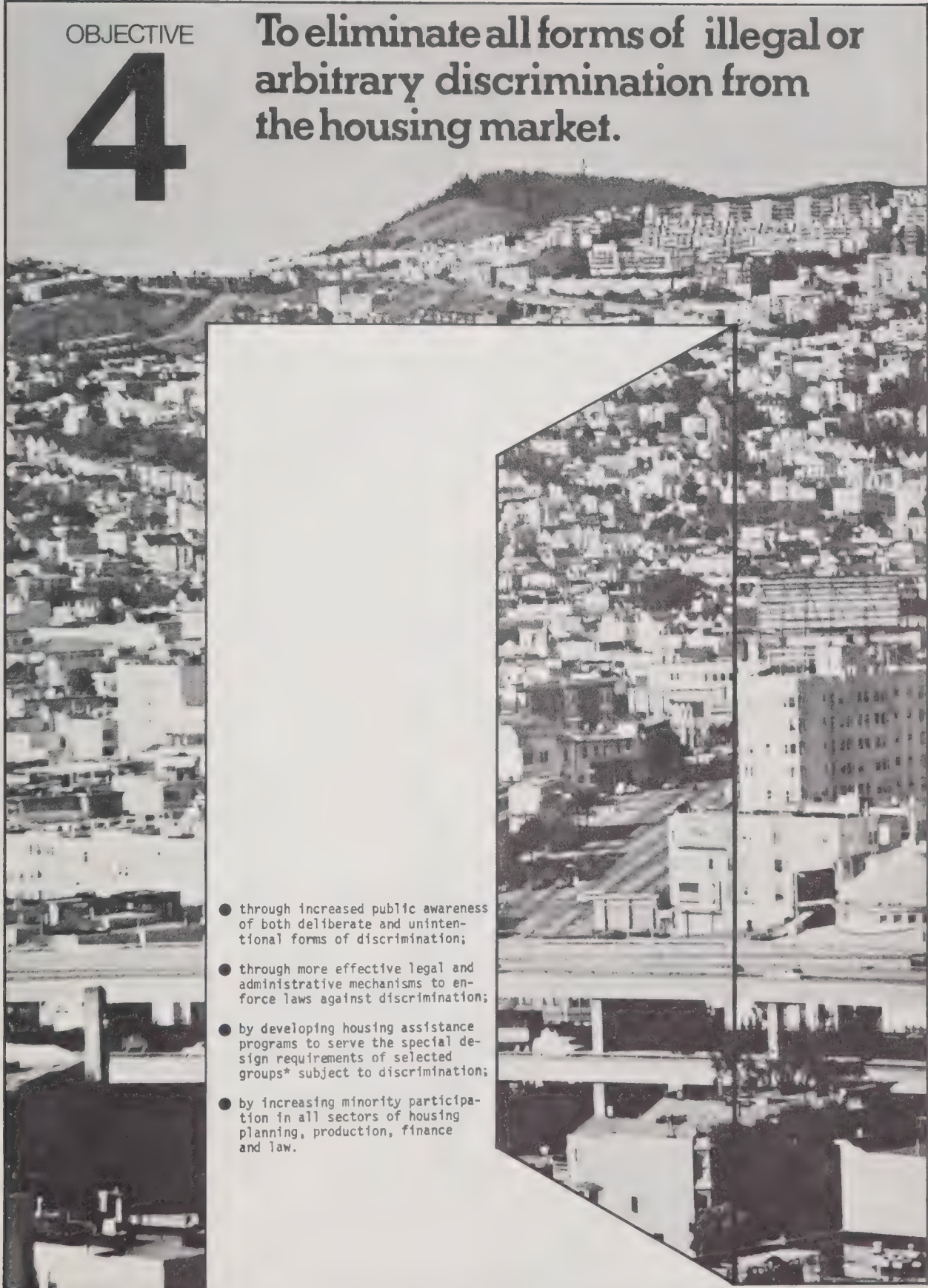




OBJECTIVE

# 4

**To eliminate all forms of illegal or arbitrary discrimination from the housing market.**

- 
- through increased public awareness of both deliberate and unintentional forms of discrimination;
  - through more effective legal and administrative mechanisms to enforce laws against discrimination;
  - by developing housing assistance programs to serve the special design requirements of selected groups\* subject to discrimination;
  - by increasing minority participation in all sectors of housing planning, production, finance and law.

\*For example, households consisting of working mothers with young children or physically handicapped persons.

## Policies

### 4.1 ILLEGAL DISCRIMINATION

Housing discrimination based on race, color, national origin, sex and marital status is illegal and should be eliminated from the Bay Area Housing market.

### 4.2 HOUSING/JOB/EDUCATION

Housing discrimination on any basis reinforces discrimination in other areas, such as employment and education, and therefore should be eliminated in order to expand opportunities and protect the constitutional rights of all.

### 4.3 PUBLIC/PRIVATE RESPONSIBILITY

Anti-discrimination legislation should be reinforced by public and private efforts including monitoring and education.

### 4.4 SPECIAL DESIGN NEEDS

Equal housing opportunities for all

requires special attention to design requirements to fill the housing needs of certain population groups, such as the elderly and handicapped.

### 4.5 MINORITY/LOWER INCOME LINKAGE

Expansion of housing opportunities for lower-income people can also expand choices for minorities, and therefore should be supported as a strategy to combat housing discrimination.

### 4.6 HOUSEHOLD COMPOSITION

Housing discrimination affects many groups that are not racial or ethnic minorities, such as families with children, students, elderly, handicapped, families where the mother is head of the household and persons with an incarceration history. Extensive public and private efforts are required to combat them effectively.

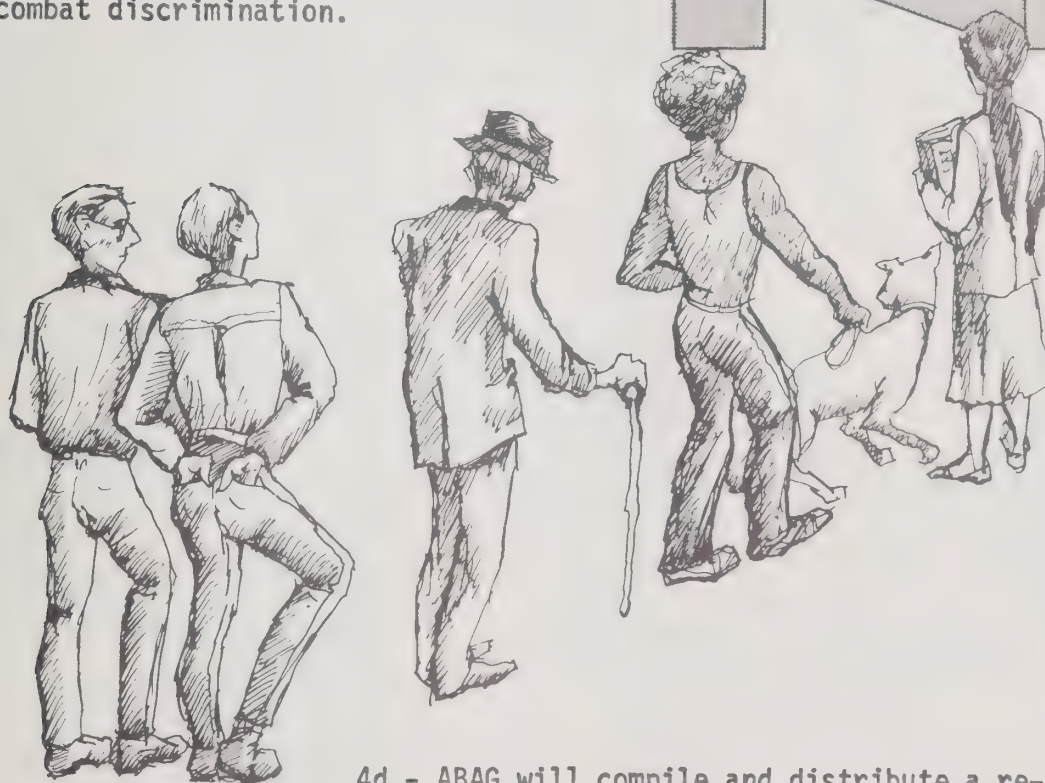




# Implementation Functions

## SERVICE

- 4a - ABAG will provide technical assistance and information, on request, to member governments, citizen groups and business interests devising programs to combat discrimination.
- 4b - ABAG will assist citizen participation in housing planning and implementation activities, both at local and regional levels.
- 4c - ABAG will collect current studies which document the extent of housing discrimination against special groups throughout the region, and will make these available to agencies and groups seeking to combat discrimination.



- 4d - ABAG will compile and distribute a regionwide directory of public and private fair housing agencies operating in all sectors of the region.
- 4e - ABAG will help to disseminate information on the kinds of discrimination that are illegal, the existing State and Federal laws that prohibit discrimination, and the enforcement mechanisms available to people who encounter discrimination.

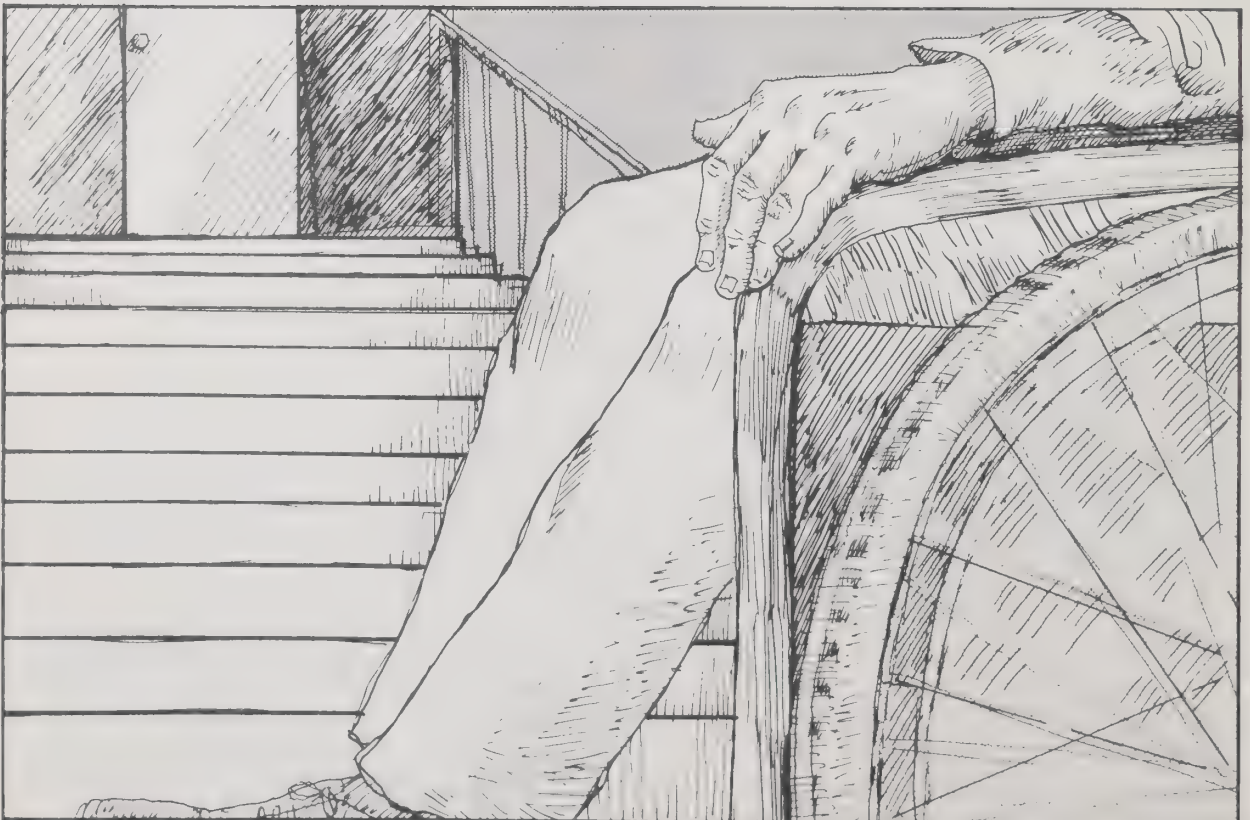


#### ADVOCACY

- 4f - ABAG will urge that local, State and Federal anti-discrimination laws be strengthened and enforced.
- 4g - ABAG will support increases in the amount of public and private assistance funds committed to enforcing anti-discrimination laws.
- 4h - ABAG will support legislation to end "redlining" of low-income minority and integrated neighborhoods, and to increase the flow of public and private investment into these areas.

#### REVIEW

- 4i - In its plan and project review function, ABAG will comment on whether the jurisdiction has estimated the extent of housing discrimination and has a commitment to combat it.
- 4j - In reviewing and developing regional plans, ABAG will support actions that could expand housing opportunities for minorities and lower income residents and will question any that would tend to reinforce discriminatory patterns.



## Monitoring

The following types of information would be particularly useful in support of efforts to end housing discrimination:

- the effectiveness of local, State and Federal laws and regulations to combat discrimination and expand housing opportunities for minorities of all types;
- the availability of special programs to help meet the housing needs of minorities of all types.

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## ABAG's Member Governments

Local governments can participate in many ways in a regionwide effort to combat housing discrimination; these are but a few:

- Local general plans and housing elements should assess the extent of discrimination in the local housing market and specify strategies and actions to be taken to eliminate such discrimination.
- Local governments should support responsible efforts by citizens to increase their participation in housing planning and implementation.
- Local governments should give financial support to responsible voluntary groups conducting education and monitoring programs to combat housing discrimination.

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## Other Actions

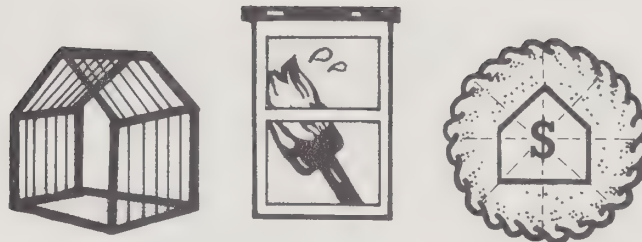
Private efforts to end housing discrimination should include the following types of activities:



- Increase participation of minorities in all sectors of housing construction, financing and management.
- Include affirmative marketing and sales programs in residential development efforts.
- Direct loan funds into lower-income and/or minority and integrated neighborhoods, to reverse the effects of "red-lining".







# QUANTIFIED GOALS FOR HOUSING CONSTRUCTION, REHABILITATION AND ASSISTANCE\*

APPROVED BY  
ABAG EXECUTIVE BOARD

JANUARY 19, 1978

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\*For a full description of the methods used in developing these goals see "Goals Quantification Memos." Memoranda, Leonard Tom to files, January 1978 (figures corrected February 1978).

Quantified goals for housing construction, rehabilitation, and assistance have been prepared for the period of 1975 to 1985, as a basis for implementing the objectives and policies approved in the Regional Housing Plan. Quantified goals also provide local governments with a regional context for developing local programs and policies. They are targets that express the regional perspective on the important questions of residential growth, housing quality and the need for housing assistance. A summary of the region-wide figures is presented in the following table:

	1975-85 Total	Annual Average
Units to be constructed	440,000	44,000
Units to be rehabilitated	156,500**	19,600
Added households to be assisted	472,100**	59,000

These figures are not, in and of themselves, predictions of the future. They are based primarily on ABAG's system for projecting household and population growth. As the ABAG projections are refined and improved, and as other relevant information is revised, these quantified goals will be evaluated and changed accordingly.

ABAG's target figures may differ from similar estimates by other agencies. That reflects variations in purpose and assumptions that different organizations may adopt.

By 1985 it is estimated that the Bay Area's population will reach 5.3 million people.\*\*\* That figure is based on projections that assume a declining average household size, slightly increased migration rates and continued economic growth consistent with national trends. The data base for the projections includes local policy information gathered from local governments through a survey taken in 1976. A summary of the other factors used in the quantification of each goal is included in the following sections.

#### HOUSING CONSTRUCTION GOALS, 1975-1985

The ten-year goal for the construction of new housing units is based on the difference between the number of housing units that will be needed in 1985 and the number of housing units that existed in 1975, with allowances for a vacancy factor and replacement of units that will be demolished during the period. The overall vacancy factor used to provide a degree of mobility in the housing market, was 5.0% for all counties. The projected "loss" of housing was assumed to be 42,600 units--a figure based on past trends of planned demolition activity.

In 1975, there were about 1,889,500 housing units in the Bay Area.\* The region's housing stock will have to increase to almost 2,287,000 in 1985 to accommodate expected growth. To accomplish that goal, an additional 440,000 new housing units

\*\* These targets are based on 1977 rather than 1975 base years, representing eight-year rather than ten-year totals.

\*\*\* Table V-1 (Base Case 1), Provisional Series 3 Projections, Association of Bay Area Governments, March 2, 1977, pg. 25.

will have to be built or developed through the conversion of existing structures between 1975 and 1985--an average of 44,000 units per year. It should be noted that the "average" can be attained through varying levels of annual production, as the pattern of building activity varies from year to year.

The distribution of 1975-1985 construction goals, by county, is presented in the following table:

County	Existing Units 1975*	Units Needed in 1985	Constr. Goal 1975-1985	Annual Average
Alameda	423,890	504,590	95,720	9,572
Contra Costa	217,045	287,900	75,920	7,592
Marin	84,160	105,110	21,670	2,167
Napa	33,868	37,230	3,880	388
San Francisco	316,987	319,300	12,830	1,283
San Mateo	219,464	254,790	38,110	3,811
Santa Clara	423,904	544,670	124,540	12,454
Solano	67,263	92,470	27,140	2,714
Sonoma	<u>102,879</u>	<u>140,930</u>	<u>40,290</u>	<u>4,029</u>
TOTAL	1,889,460	2,286,990	440,100	44,010

#### REHABILITATION OF EXISTING HOUSING, 1977-1985

The quantified goals for housing rehabilitation are more accurately described as extensions of current conditions applied to the estimated increase of "older" housing stock in the region between 1975 and 1985. These targets describe the level of rehabilitation activity that would be necessary to correct all "sub-standard housing" in the Bay Area by 1985.

In 1977, local governments in the Bay Area estimated that there were about 137,000 housing units in "sub-standard" physical condition.\* Of that total, approximately 101,000 were considered "suitable for rehabilitation." If the conditions that yielded such estimates persist through 1985 (i.e., no major changes in the economy or government policies), it is anticipated

\*California State Department of Finance, estimates for January 1, 1976.



that by 1985 over 206,000 units will reach the substandard category, of which 156,000 would be suitable for rehabilitation. This converts to an average of 19,600 units that would have to be rehabilitated each year between now and 1985. An additional 6,200 units will have to be replaced or rebuilt each year to make up for the loss of housing that is substandard and unsuitable for rehabilitation or that has been converted to a non-residential use.

Over 90% of the Bay Area's existing housing is in "standard" condition (i.e., requiring little or no major repair), but the stock will need continuous maintenance and repair if it is to remain safe and habitable. Adequate public resources will have to be committed to ensure adequate neighborhood facilities and services,

inspection activities, financial assistance and consumer education to provide the incentives needed to maintain the region's housing stock in good repair.

#### HOUSING ASSISTANCE NEEDS, 1977-1985

Quantified goals for housing assistance are based on 1977 estimates by local governments in their Housing Assistance Plans and on ABAG's monitoring of current housing assistance programs. It is expected that the proportional total households needing assistance will be no less in 1985 than it was in 1977. Recent trends in housing cost and income indicate that the 1985 figures are probably conservative. Subregional allocation of housing subsidies would be based on the status and use of ABAG's Housing Subsidy Distribution System.

Recent estimates by local govern-

County	1977*		1985		
	Substandard Units	Suitable for Rehab.	Substandard Units	Suitable for Rehab.	Unsuitable for Rehab.
Alameda	51,798	41,930	68,370	55,340	13,030
Contra Costa	9,308	8,204	18,720	16,500	2,220
Marin	2,929	2,344	5,070	4,050	1,020
Napa	732	566	1,190	920	270
San Francisco	35,470	21,480	39,540	23,940	15,610
San Mateo	6,276	6,080	12,820	12,420	400
Santa Clara	19,465	17,604	43,110	39,980	4,130
Solano	3,299	2,206	5,510	3,680	1,820
Sonoma	<u>8,066</u>	<u>457</u>	<u>12,130</u>	<u>690</u>	<u>11,440</u>
REGION TOTAL	137,343	100,871	206,460	156,520	49,940

\* Source: 1977-78 Housing Assistance Plans, San Francisco Bay Cities and Counties.

ments indicate there are 378,500 households in the Bay Area needing some form of public assistance to obtain adequate housing and still keep their housing costs within a reasonable portion of their income.\* Only 62,500 households are currently receiving assistance through a variety of government subsidy programs.\*\* If the current trends continue (and this assumes

no increase in the relative severity of housing cost problems) the total number of households expected to require assistance may reach 535,000 by 1985. To accommodate that need, the Bay Area would have to get enough new resources to assist an average of 59,000 additional households each year between now and 1985.

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1977

62,500 Households Receiving Assistance  
378,500 Additional Households Needing Assistance\*  
441,000 Total Assistance Needed  
1,792,269 Total Households in the Bay Area\*

1985

62,500 Households Receiving Assistance (1977)  
472,100 Additional Households Needing Assistance  
534,600 Total Assistance Needed  
2,172,600 Total Households in the Bay Area  
  
59,000 Average number of additional households that  
will need assistance each year 1977-1985.

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Clearly, it is highly improbable that a target of 59,000 additional subsidies each year could be achieved without a substantial re-ordering of national priorities. Nor is it necessarily desirable that more than one fourth of the region's households be dependent on public subsidies in order to obtain

adequate shelter. These figures reflect the magnitude of present and potential housing assistance needs in the Bay Area. Other remedies--such as improved employment opportunities and lowered housing price increases--will have to play a substantial role when combined with public subsidies in order to fill housing assistance needs.

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\* 1977-78 Housing Assistance Plans, San Francisco Bay Area Cities and Counties (figures corrected February 1978).

\*\* "Regional Housing Subsidy Distribution System," Summary Report, Association of Bay Area Governments, January 1978.







# **THE REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM**

APPROVED BY  
ABAG EXECUTIVE BOARD,

SEPTEMBER 16, 1976

SUMMARY REPORT\*  
JANUARY 1978

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\*Note: This Summary Report consolidates information contained in several previous reports and memoranda that were distributed to elected officials and others throughout the region. These include items dated April 27, 1976, June 29, 1976, September 16, 1976, October 4, 1976, January 17, 1977 and January 20, 1977.

## WHAT IS THE REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM?

It is a plan for distributing Federal and State housing subsidies within the nine-county San Francisco Bay Region, and a means of communicating to the State and Federal governments that cities and counties in the Bay Area support use of such a plan. It represents a regional approach to meet housing needs, rather than a Federal or State approach. It is a plan developed by the region's member governments working through their recognized regional planning agency.

ABAG's Regional Housing Subsidy Distribution System allocates for each of the nine counties and for the larger cities in the region. It also contains guidelines for the redistribution of unused subsidies. It is a "two-tiered" mechanism which consists of a "Basic Distribution" for use with regular nationwide allocations by HUD and a "Bonus Distribution" for use with supplemental allocations such as those awarded on the basis of Areawide Housing Opportunity Plans.

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## WHY DOES ABAG HAVE A REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM?

First, because the amount of housing subsidies available is very limited compared with the magnitude of the region's housing needs, a rational way must be found to distribute this scarce resource. Development of ABAG's Subsidy Distribution System has provided its member governments the opportunity to determine how the limited amount of subsidy would be distributed.

Second, the System is an important part of ABAG's ongoing housing program. It is one basis for ABAG Clearinghouse comments on applications for Federal housing and community development assistance.

Third, development of the System was the first step in preparation of an Areawide Housing Opportunity Plan which is a prerequisite to qualifying for a "bonus" allocation of Federal housing assistance. A supplemental allocation of such funds is much needed to increase the number of lower-income households that can receive assistance.

Fourth, agreement on the Regional Housing Subsidy Distribution System can be the basis for seeking changes in the operating procedures of the subsidy programs so that they can better serve local housing needs. By demonstrating its capacity to handle this complex issue, the region strengthens ABAG's ability to advocate other regional housing benefits.

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## BACKGROUND OF THE REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM

The origins of ABAG's Regional Housing Subsidy Distribution System can be traced to the trends in Federal policies during the 1960's and early 1970's.

The era of Federal encouragement of regionalism in planning coincided with the final years of active civil rights legislative effort (culminating in the Civil Rights Act of 1968) and concern for extending economic opportunity, and with a dramatic acceleration in the production of subsidized housing (Secs. 235 sale housing and 236 rental housing; Sec. 23 leased public housing). During 1968-72, councils of governments across the nation were urged to develop and adopt regional systems for allocating Federal housing subsidies and the U.S. Department of Housing and Urban Development (HUD) promised to honor them, once adopted.

In 1972, as a condition for Sec. 701 funding for comprehensive regional planning, HUD directed ABAG to develop such an allocation system. In January, 1973, while work on the system was in progress, the Administration declared a moratorium on all Federally subsidized housing programs.

In March, 1974, ABAG circulated a preliminary report on "Regional Housing Allocation" to member governments and interested citizens. That report contained a discussion of general issues, and a formula that could be used to allocate housing subsidies. Extensive and thoughtful comments were communicated to ABAG from many who reviewed that preliminary document. Some respondents objected to one or more of the components of the formula. Many were concerned about how the formula would be implemented. This was particularly critical at the time because the moratorium on Federal housing assistance was still in effect. Since there was then no indication as to when the moratorium would be lifted, nor the direction that renewed Federal housing programs would subsequently take, many of the questions raised were temporarily unanswerable. Further work on the preliminary allocation report was therefore suspended.

With the enactment of the 1974 Housing and Community Development Act in August of that year, the role of the Federal government in subsidizing low- and moderate-income housing was radically altered. Some programs that had previously been heavily funded were sharply cut back, with the clear expectation that they would shortly be closed out entirely; Section 23 leased public housing, Section 235 sale housing and Section 236 rental housing. The new

Section 8 program was designed primarily to help low- and moderate-income people rent suitable and affordable housing in the private market rather than to produce a low-rent housing supply with direct public subsidies to developers, as the previous programs had done. Section 8 could be used in a number of different ways: as a way of making market-rate existing housing affordable by lower-income tenants; as a financial incentive to developers of new or substantially rehabilitated housing; as an alternative means of financing low-rent housing owned by local housing authorities; as a way of lowering the rents paid by the elderly and handicapped in Section 202 projects.

During 1975, HUD gave further support to areawide planning for the distribution of housing subsidies. In August of that year, HUD issued revised regulations for Section 701 Comprehensive Planning Assistance. These required that--to qualify for such funding--areawide planning organizations, such as ABAG, complete a regional housing element which would:

- (i) Identify the housing needs of the current and prospective population by appropriate geographic sectors and provide for the distribution of housing resources (including assisted housing) to meet the needs of all citizens in order to provide a choice of housing types and location; and
- (ii) Develop policies, strategies and legislative and administrative proposals necessary to accomplish areawide housing goals and objectives.\*

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\*Federal Register, August 22, 1975, page 36861, Sec. 600.70 (b) (2).



At the Conference of the National Association of Regional Councils in 1975, HUD Secretary Hills pledged that her agency would distribute Section 8 subsidies according to adopted fair-share housing plans, where they existed. This represented further support for areawide housing planning.

Phase I of ABAG's Regional Housing Element, approved by the Executive Board in August 1975, stated as its first objective and highest priority:

To have regional housing policies adopted by ABAG and by its member counties and cities, as a basis for allocating the region's available housing subsidies.

As a first step, the Regional Planning Committee, in April, 1976, reviewed a memorandum on housing allocation covering the background of ABAG's involvement in housing subsidy distribution, the objectives of a regional housing allocation system, resources to be allocated, basic principles of the system and implementation methods. That memorandum was widely circulated among elected and appointed officials and other interested parties; comments were invited.

During spring and summer, ABAG staff conferred at length on the subject with local housing authority directors and housing planners throughout the region.

A more detailed proposal for a regional housing subsidy distribution system, reflecting comments received on the April memorandum, was discussed by the Regional Planning Committee in July and presented to the Executive Board the same month. Again, the proposal was given wide circulation and evoked useful comment and discussion.

Finally, a "Proposed Regional Housing Subsidy Distribution System" was scheduled for consideration by the Regional Planning Committee in September. Copies of the proposal and notices of the meeting were sent to public officials and citizens throughout the region, with an invitation to hear the presentation and discussion and to present comments and questions. About forty people attended from localities throughout the region. Many thoughtful and exceptionally constructive suggestions were submitted to the Committee by both public officials and private citizens. The Committee then recommended that the Proposed Regional Subsidy Distribution System, as presented, be approved by the Executive Board and the RPC be permitted to continue working with staff in making further improvements in accordance with suggestions submitted by member governments and the public. It was understood that RPC would report to the Executive Board periodically on modifications and revisions to be made in the system.

In September, 1976, the Executive Board approved the Regional Housing Subsidy Distribution which is discussed below and gave RPC these charges:

- reviewing Housing Assistance Plans submitted with Community Development Block Grant applications for A-95 review;
- reassigning unused subsidies to communities applying for increased allocations;
- distributing supplemental allocations if and as these become available;
- continuously monitoring and evaluating the system to see if it needs adjustment or major change.

A description of the approved system was then sent to ABAG's member governments. A description was also sent to the U.S. Department of Housing and Urban Development requesting that the system be accepted and used to distribute available subsidies. The response--from HUD Area, Regional and Central offices--was uniformly affirmative and supportive. In December, 1976, ABAG and the San Francisco Area Office of HUD conducted a joint workshop for local governments and interested citizens, at which HUD staff explained how the second round of subsidies would be allocated according to ABAG's system.

Letters describing the Executive Board's action and approved system were sent also to the State Office of Planning and Research and the Department of Housing and Community Development. Responses to these communications were also supportive.

At its December, 1976, and January, 1977 meeting, the ABAG Regional Planning Committee approved (1) guidelines for the redistribution of subsidies which would not be used in timely fashion by the recipient jurisdictions and (2) a regional goal for subsidized housing for the third program year (1977-78).

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#### WHAT ARE THE PRINCIPAL OBJECTIVES OF ABAG'S REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM?

1. To expand opportunities for low- and moderate-income and minority households to live in suitable housing in desirable neighborhoods throughout the region, and avoid concentrating assisted housing in areas that have already become economically and racially impacted;
2. To help local governments get the resources they need in order to conserve and expand their supply of low- and moderate-income housing;
3. To encourage private investment in the conservation and expansion of low- and moderate-income housing in accord with the region's needs.

ABAG's Regional Housing Subsidy Distribution System is best understood as a mechanism for Bay Area cities and counties to plan together, rather than separately, to determine how subsidies shall be distributed throughout the region. Also, it involves the concept that subsidies initially distributed to Bay Area communities but unused by them, would be retained in the region and be reassigned to another Bay Area community. HUD continues to handle the actual disbursement of Federal funds but now they have agreed to make the local allocations conform to the regionally approved system.

Prior to the adoption of ABAG's system, HUD allocated subsidies to Bay Area communities on the basis of its own regulations and its own distribution system, as illustrated in Chart I following. Chart II, on the succeeding page, illustrates how ABAG's system redirects the flow of subsidies. Under the ABAG system, since the target figures for distribution to localities have been arrived at through a joint planning process, quantified goals of the individual Housing Assistance Plan (HAPs) conform to the ABAG system. Because subsidies cannot be released to a housing authority or developer unless their use is consistent with the local HAP, ABAG's regional system is most effectively implemented through its incorporation into local HAPs.

# ABAG REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM

Approved September 16, 1976

	<u>Basic Distribution</u> % of Regional Total	<u>Bonus Distribution</u> % of Regional Total
<u>Regionwide Total</u>	100.00	100.00
<u>Alameda County</u>	25.45	23.09
Alameda	1.68	.03
Berkeley	4.25	2.51
Fremont	1.13	3.59
Hayward	1.71	3.26
Oakland	12.33	---
San Leandro	1.29	5.67
Co. Rem.*	3.06	8.03
<u>Contra Costa County</u>	8.51	9.37
Concord	1.11	2.68
Richmond	2.02	---
Co. Rem.*	5.38	6.69
<u>Marin County</u>	2.96	3.68
<u>Napa County</u>	1.35	1.80
Napa	.78	---
Co. Rem.*	.57	1.80
<u>San Francisco</u>	24.83	---
<u>San Mateo County</u>	8.87	26.01
Daly City	1.13	2.76
Redwood City	1.18	3.52
San Mateo	1.53	3.88
Co. Rem.*	5.03	15.85
<u>Santa Clara County</u>	20.45	30.30
Mountain View	1.35	3.97
Palo Alto	1.24	3.89
San Jose	9.23	---
Santa Clara	1.76	4.82
Sunnyvale	1.66	5.95
Co. Rem.*	5.21	11.67
<u>Solano County</u>	3.34	.30
Fairfield	0.81	---
Vallejo	1.53	---
Co. Rem.*	1.00	.30
<u>Sonoma County</u>	4.25	5.48
Santa Rosa	1.20	---
Co. Rem.*	3.05	5.47

\*"County Remainders" (Co. Rem.) include units for cities under 50,000 pop. in 1970 for which comparable data is not yet available, and for unincorporated areas.

NB: Columns may not add due to rounding.



## WHAT CONSIDERATIONS GUIDED THE DESIGN OF THE REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM?

The System was designed to meet five criteria:

1. The System must be keyed closely to the principal housing subsidy program available (currently Section 8 housing assistance). As new housing assistance programs are developed and funded at the State and Federal levels, or as old programs are revised or revived, ABAG will re-examine the system and make needed changes.
2. The System should provide all Bay Area households needing assistance with an equal chance to use the limited subsidies available.
3. The System should link housing subsidies directly to the Community Development Block Grant program.
4. The System should create a pool consisting of the unused subsidies within the region. Since some communities can effectively use a larger share of the region's subsidies than their "basic allocation," while others will undoubtedly find that they can use less, this pool should be redistributed within the region.
5. Housing opportunities should be dispersed where there is substantial evidence that job opportunities have dispersed.

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### A SYSTEM MEETING THESE STANDARDS WOULD OPERATE TO EXPAND THE GEOGRAPHIC DISTRIBUTION OF HOUSING OPPORTUNITIES FOR LOWER-INCOME PEOPLE

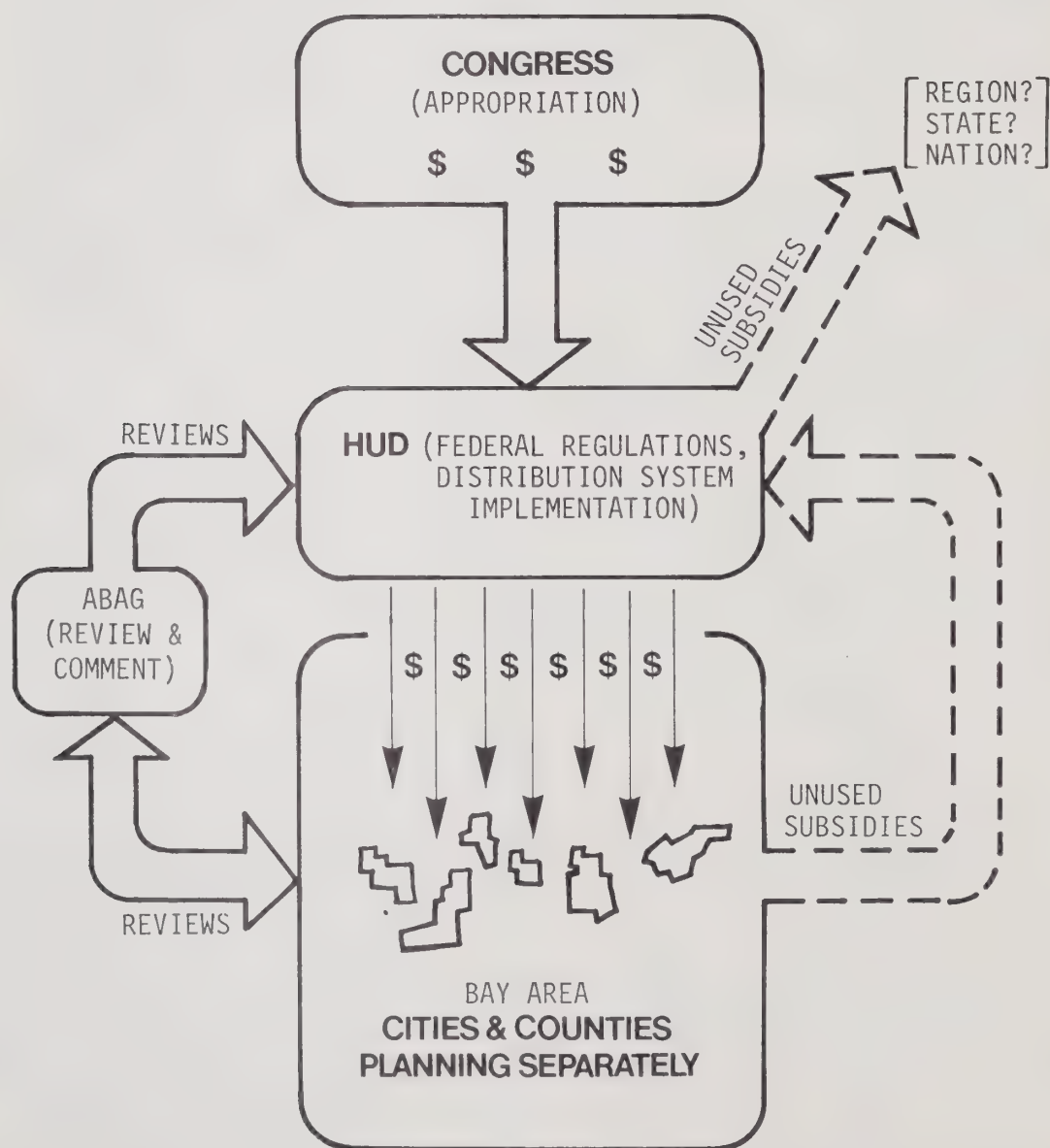
1. The Federal Section 8 housing

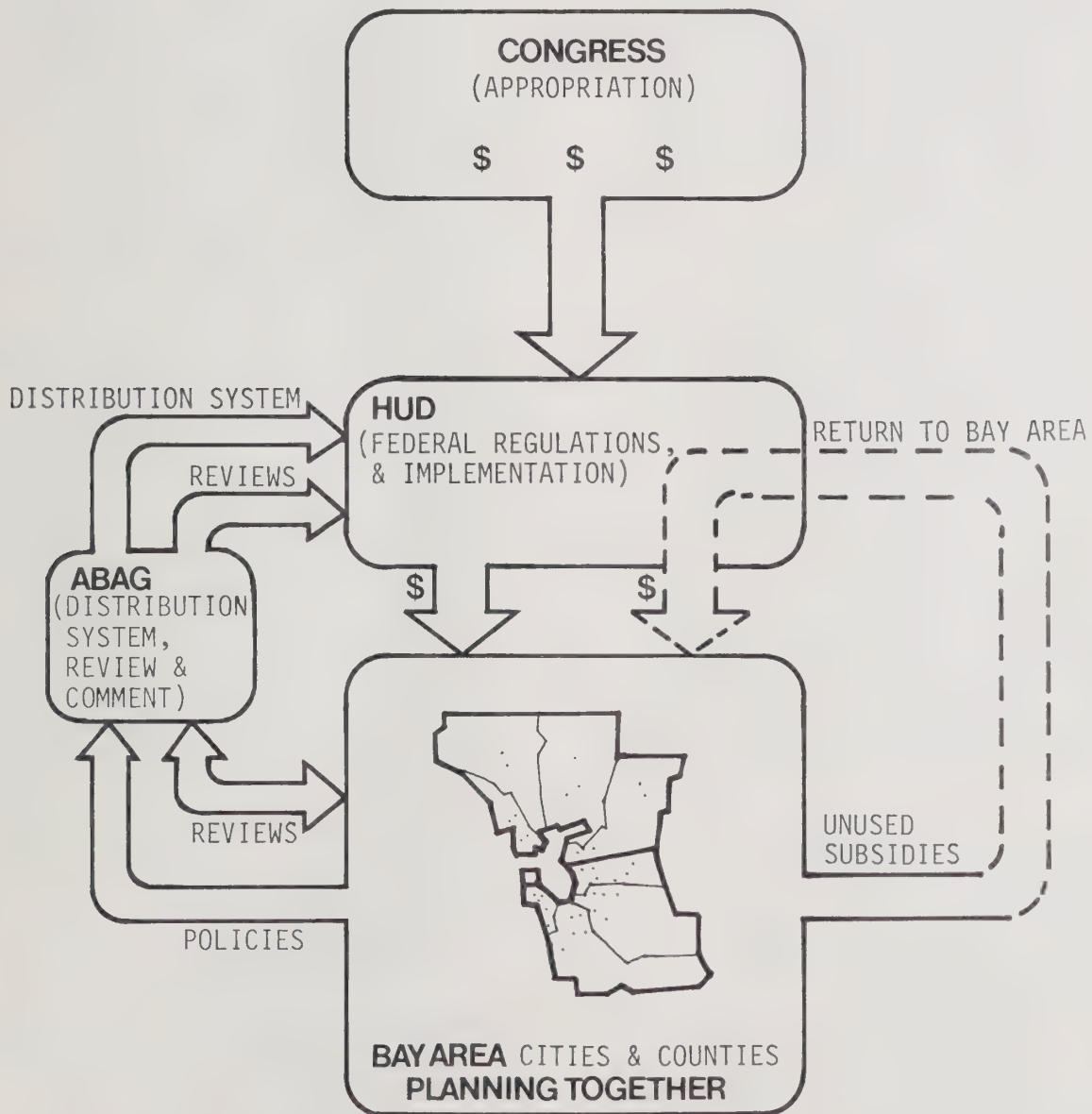
subsidy program has two distinct components: (a) one dealing with existing housing and designed primarily to promote greater mobility among lower-income households in finding their own dwelling; (b) the other dealing with newly constructed or substantially rehabilitated housing. Therefore, ABAG's System combines the same two basic components in its Basic Distribution--one providing subsidies to eligible households, in accord with the number of such households needing housing assistance (weighted three); the other stimulating new construction and substantial rehabilitation in order to create new housing opportunities for lower-income households (weighted one).\*

2. The allocation of housing subsidies to communities based on the proportionate share of the region's lower-income residents (one factor in the Basic Distribution) might seem to reinforce present patterns of impaction and segregation. It would not have this effect, however, if the program were such that once a household has been certified as eligible to participate in the program, that household would be able to go anywhere in the region to seek and find a dwelling that suits its need and its desires. The dwelling chosen could be in the same neighborhood, or in a distant community. The regionwide subsidy allocation would then allow all households needing assistance to have an equal

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\*It was originally proposed to make separate allocations for Existing Housing and New Construction/Substantial Rehabilitation within the Basic Distribution. In response to the desires of member governments, however, the procedure was changed to combine the two into a single figure and allow each locality to determine how that sum would be allocated among programs.







chance at the limited subsidies available, and to use the subsidies throughout the region. In the Bay Area, a substantial measure of this equality of opportunity has been accomplished within counties, if not yet between counties. State legislation enacted in 1976 and currently effective (S.B. 2082) further extends the range of housing authority operations within counties:

An authority may provide leased housing to persons of low income throughout the county in which it operates, except:

- (a) No commitment to provide leased housing outside the area of operation may be made in advance of construction without approval of the local governing body in the city or, if an unincorporated area, the county with jurisdiction of the site of construction; and
- (b) Leased housing may not be provided within the area of operation of another authority if the local governing body of the other authority disapproves in advance.

The housing authorities of Alameda and Santa Clara Counties have entered into an arrangement whereby each honors Section 8 Certificates issued by the other. ABAG will advocate, and assist in, expanding this concept toward the end of having all Certificates, regardless of where they originate in the Bay Area, useable throughout the nine counties.

HUD's "finders-keepers" policy

assures that a housing allocation system will not become a method for dispersing lower-income people according to some predetermined pattern. Since the choice is left entirely to each eligible household to seek and find a suitable dwelling, there can be no predetermined pattern. On the other hand, one should not expect any extensive out-migration to occur from the region's impacted centers to the suburban fringes. Prior experience with housing subsidy programs indicates that lower-income people generally tend to seek new housing fairly close to the areas with which they are already familiar.

- 3. The second factor in the Basic Distribution formula is designed to counter impaction and to expand opportunities for lower-income households to find suitable housing outside of predominantly segregated areas. This is accomplished by using the percentage equivalent to the jurisdiction's share of the total amount of Block Grant funds coming into the region. By excluding the "hold-harmless" provision of the Block Grant formula, this factor directs a larger share of available subsidies to parts of the region that have had relatively little to do with subsidized housing in the past. At the same time it assures that central cities continue to receive a sizeable share of all housing subsidies, since the Block Grant allocation formula is based on the size of the population, the number of households with incomes below the poverty level and the number living in overcrowded dwellings.

4. The System provides that--after a reasonable period--any unused subsidies shall be re-distributed to cities within the region which would use them to expand housing opportunities beyond impacted areas or to support programs for housing and neighborhood rehabilitation.
5. The balance between lower-income job opportunities and housing is addressed in the Bonus Distribution part of the System. The formula for this part involves two factors:  
(1) the relationship between  
a) the proportion of the jurisdiction's housing stock which is HUD-subsidized to b) the corresponding proportion for the region and (2) the relationship between a) the number of lower-income households already employed in the community who might be expected to live there if suitable housing were available and b) the total number of such households ("expected to reside") for the region.

The initial Bonus Distribution formula in the Regional Housing Subsidy Distribution System used information on prior housing subsidies and 1970 census data on commuting patterns of lower-income workers, both of which data were provided by HUD. It is hoped that in the future the System can be improved by use of more current employment and commuting data.

The table on the following page demonstrates the expected impact of ABAG's Regional Housing Sub-

sidy Distribution System on the geographic distribution of housing subsidies for lower income households. A ratio of 1.0 indicates that the local share is exactly proportional to the percent of HUD-subsidized units in the entire region's housing stock. If every locality had a ratio of 1.0, it would mean that subsidized housing were equally available throughout the region. For 23 (81 percent) of the 28 localities listed, the ratio changed in the direction of 1.0, a "fair-share." The other five are either unchanged or only slightly farther from 1.0.

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#### WHAT IS THE SYSTEM IN DETAIL?

ABAG's Regional Housing Subsidy Distribution System is designed to allocate Federal and State housing assistance money which it is feasible to distribute on a "fair-share" basis. Since the formula was approved by the ABAG Executive Board in September, 1976, it has been used by the U.S. Department of Housing and Urban Development (HUD) for funds which became available in December, 1976. The San Francisco Area Office of HUD announced that applicants could select from among the following rental programs in using the Federal moneys:

- Section 8 - New Construction
- Section 8 - Substantial Rehabilitation
- Section 8 - Existing
- Section 23 - Conversion to Section 8\*
- Section 8 - Property Disposition\*
- Section 8/Section 202 (direct

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\*ABAG subsequently informed HUD that Section 23 Conversion to Section 8 and Section 8 for Property Disposition did not increase the region's supply of subsidized housing and therefore were not appropriate for inclusion in the Regional Housing Subsidy Distribution program. When supplemental funds became available for these programs, HUD allocated them in terms of the locality's supply of Section 23 leases or of financially distressed housing.



- loans for housing for the elderly or handicapped)
- Section 8/FmHA Section 518 (direct loans for rural housing)
- State of California/Section 8
- Low Rent Public Housing (traditional)

According to Federal Regulations published August 23, 1976, the following Federal subsidies might also have been distributed according to areawide plans, at the HUD Secretary's discretion:

- Section 235 (mortgage insurance and assistance payments for sale housing)
- Section 236 (mortgage insurance and interest reduction payments for rental and cooperative housing)--now inactive
- Section 101 (rent supplement payments)
- Section 202 (direct loans for construction or rehabilitation of housing for the elderly or handicapped).

The Regional Housing Subsidy Distribution System established "target" figures for:

- Each county
- Each city of 50,000 or more population within the county
- The county remainder

The "target" figure represents the number of units which could be assisted with the jurisdiction's share of the total subsidy funds for the region, using a dollar amount per unit consisting of the average among the rates for different unit sizes and programs (Existing Housing, New Construction/Substantial Rehabilitation).

The "target" figures from the Basic Distribution are intended as guides to local governments in establishing numerical goals for their Housing Assistance Plans (HUD forms do not provide for expressing these in dollar amounts). Localities are encouraged to adopt goals exceeding their "target" figures if they can deliver additional housing assistance, with the understanding that the amounts in excess of the "target" would come through a Bonus Distribution and/or recycling.

The Regional Housing Subsidy Distribution System is a two-tiered formula (see table page 5) which speaks, respectively, to (1) housing need (Basic Distribution) and (2) expanding housing opportunities throughout the region (Bonus Distribution). The System also provides a mechanism for reassigning subsidies within the region when the recipient jurisdiction is unable to use funds "targeted" to it.

The Basic Distribution (geared to meeting need) is determined by combining factors:

- Proportion of the region's lower-income households in the given area (75%)
- The formula adopted by Congress to determine each jurisdiction's Community Development Block Grant "entitlement."\* This was designed to promote "the spatial deconcentration of housing opportunities for persons of lower-income..."\*\* The factors in the formula are: total population, overcrowded housing, extent of poverty (Counted twice) (25%).

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\*Note that this formula was applied to all nine counties, although three of them--Solano, Napa and Sonoma--did not receive a formula amount of Block Grant entitlement funds under Federal law.

\*\*Housing and Community Development Act of 1974, P.L. 93-383, Sec. 101 (c) (6).



Each locality's "target" figure is computed by applying the Basic Distribution formula to the total subsidy funds available for the region:

$$\frac{(3a + b)}{4} \times \frac{R}{c} = \text{target figure}$$

Where a = locality's proportion of region's lower-income households

b = locality's proportion of Block Grant entitlement funds for region

c = average \$ rate per dwelling unit

R = total housing subsidy funds available for region

Each city of 50,000 or more and each county determines how its share of the region's Basic subsidy will be distributed among the eligible programs and unit sizes. HUD then allocates the jurisdiction's share of the funds  $\frac{(3a + b \times R)}{4}$  by program

in proportion to the local goals therefor.

It is ABAG's position that each county and entitlement city should be assigned a "basic" amount of subsidy each year that is large enough to attract prospective developers.

The Bonus Distribution (geared to expanding housing opportunities throughout the region) is applied to supplemental allocations of Federal housing assistance awarded to areawide planning organizations (such as ABAG) with approved Area-wide Housing Opportunity Plans.

The Bonus Distribution is based on:

- The amount of subsidized housing already located in each area
- The location of lower-income jobs throughout the region.

Each year's target figure for the Bonus Distribution is computed as follows:

1. The total number of subsidized units which have been presently awarded to the region is stated as a percent of the region's total housing stock.
2. The number of subsidized housing units which have been previously awarded to an area is stated as a percent of its total stock.
3. The area's percent of total units which are subsidized is expressed as a ratio to the percent of the region's total units which are subsidized. A ratio of 1.00 would indicate that a locality had the same proportion of its total housing stock receiving direct subsidies as the regionwide average, and below 1.00 would indicate less. One goal of the Bonus Distribution is to approach a "fair share" of the region's subsidized housing for each locality.
4. For each area, the total number of housing units is multiplied by the difference between the ratio in Step 3 and 1.00 (regionwide parity). This produces a weighted bonus or penalty for each area; it expresses divergence from regionwide parity.
5. The local weighted bonus (or penalty) computed in Step 4 is converted into a percent of the regionwide total bonuses (or Total penalties).
6. The San Francisco Area Office of HUD provided estimates of the number of lower-income households already employed in each locality who might be expected to live there if

# PROPOSED REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM

Measuring Impacts on "Spatial Deconcentration"

	HUD Distrib. through 1/75	HUD Distrib. through 6/76	HUD Distrib. through 6/76 plus Proposed Regional Distrib. through 9/77
<u>Regionwide Total</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
<u>Alameda County</u>	<u>1.07</u>	<u>1.10</u>	<u>1.10</u>
Alameda	1.31	1.27	1.20
Berkeley	1.04	1.01	1.05
Fremont	.16	.31	.43
Hayward	.63	.75	.81
Oakland	1.77	1.65	1.55
San Leandro	.25	.35	.55
Co. Rem.	.48	.74	.77
<u>Contra Costa County</u>	<u>1.17</u>	<u>1.19</u>	<u>1.13</u>
Concord	.42	.53	.60
Richmond	3.04	2.75	2.47
Co. Rem.	.93	.99	.95
<u>Marin County</u>	<u>.63</u>	<u>.69</u>	<u>.69</u>
<u>Napa County</u>	<u>.66</u>	<u>.80</u>	<u>.82</u>
Napa	1.38	1.53	1.41
Co. Rem.	---	.15	.28
<u>San Francisco</u>	<u>1.53</u>	<u>1.31</u>	<u>1.25</u>
<u>San Mateo County</u>	<u>.34</u>	<u>.46</u>	<u>.57</u>
Daly City	.18	.36	.48
Redwood City	.21	.35	.51
San Mateo	.28	.39	.52
Co. Rem.	.41	.51	.60
<u>Santa Clara County</u>	<u>.85</u>	<u>.93</u>	<u>.95</u>
Mountain View	.42	.52	.67
Palo Alto	1.28	1.19	1.24
San Jose	1.25	1.28	1.20
Santa Clara	.31	.47	.65
Sunnyvale	.33	.46	.62
Co. Rem.	.37	.75	.81
<u>Solano County</u>	<u>1.52</u>	<u>1.29</u>	<u>1.21</u>
Vallejo	2.05	1.74	1.60
Co. Rem.	1.11	.94	.91
<u>Sonoma County</u>	<u>.53</u>	<u>.64</u>	<u>.69</u>
Santa Rosa	1.38	1.30	1.21
Co. Rem.	.25	.42	.51

\*Measurement consists of a ratio, local ÷ regional %, subsidized units as a % of total units (1970). Numbers less than 1.00 indicate less than the regionwide average percentage of subsidized housing. Numbers above 1.00 are shown for communities with higher proportion of subsidized units than regionwide average.

- o The first column portrays the distribution of housing subsidies through January 1975. This was prior to the Section 8 program, initiated with the Housing and Community Development Act of 1974.
- o The second column portrays the distribution of housing subsidies as of the end of Fiscal '76. This includes the first two years of the Section 8 program, as well as earlier subsidies.
- o The third column portrays the distribution of housing subsidies as it would be at the end of Fiscal '77, if ABAG's proposed system is approved and implemented for 7907 units of "Basic Allocation" and 3,000 units of Bonus Allocations.



suitable housing were available. These figures were converted into percentages of the regionwide total lower-income households "expected to reside" where the household members are employed. This introduces consideration of the goal of providing lower-income housing convenient to job opportunities.

7. For each area, the values in Steps 5 and 6 are added together. This balances the two goals of parity in subsidies and housing convenient to employment. Where the locality's percentage of households "expected to reside" in the area (Step 6) is smaller than the percent penalty figure (Step 5), the result becomes 0.
8. The values computed in Step 7 are summed to determine the regionwide total.
9. For each area, the value computed in Step 7 is converted to a percentage of the regionwide total (Step 8).
10. The percentage from Step 9 times the supplemental allocation to the region represents the area's "target" amount for the Bonus Distribution. (See table page 5).
11. As in the case of the Basic Distribution, each city of 50,000 or more and each county determines how its percentage of the region's Bonus subsidy will be distributed among the eligible programs.

When the recipient jurisdiction is unable to use in timely fashion the funds "targeted" to it, the Regional Housing Subsidy Distribution System provides guidelines for re-assigning subsidies within the region:\*

- First priority is given to those jurisdictions with lower percentages of assisted housing than the regionwide average.
- Second priority is given to those which demonstrate that they will use the reassigned subsidies (1) to expand the "spacial deconcentration" of assisted housing or (2) in connection with housing and neighborhood rehabilitation projects.

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#### HOW IS THE REGIONAL HOUSING SUBSIDY DISTRIBUTION SYSTEM IMPLEMENTED?

1. HUD establishes the amount of Federal subsidy dollars to be earmarked for the nine-county Bay Area. HUD then distributes this sum taking into consideration the approved regional system, along with any special instructions that may come from HUD central.
2. Until such time as the State of California housing subsidy programs establish regional shares for State subsidies, it will not be feasible to allocate them within the San Francisco Bay Area according to the ABAG system.
3. ABAG Clearinghouse uses the Regional Housing Subsidy Distribution System to set housing subsidy targets for localities to review applications from local governments for Federal Housing and Community Development assistance and from private developers seeking Federal housing subsidies.

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\*These guidelines were approved by the Regional Planning Committee December 8, 1976, and January 5, 1977, but still require Executive Board approval.



4. Each local government preparing a Housing Assistance Plan or housing element uses the Regional Subsidy Distribution System as a guide in setting local goals for housing assistance.

It must be recognized that public policies cannot force private enterprise to produce the housing in accordance with the allocation of the subsidies. In particular, developers of new housing are constrained by the cost and availability of buildable land, costs of construction and financing and the willingness of local government to grant necessary approvals. The Regional Housing Subsidy Distribution System does assure that each locality has an opportunity to obtain its fair share of housing subsidies. The allocation is a criterion against which to assess a locality's performance in fulfilling its responsibility for housing low- and moderate-income people.

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#### NEXT STEPS TO CONSIDER

The Regional Housing Subsidy Distribution System described here is just a beginning at implementing approved regional housing objectives and policies. Much remains to be done in refining the System and making it fully operational.

Four possible lines of action should be considered as next steps in this process:

- Improve the "expected to reside" component of the Bonus Distribution formula to include better estimates lower-income households expected as the result of planned employment.
- Consider merging the "bonus" and the "basic" formulas in order to incorporate the factors of "expected to reside" and previously-awarded housing subsidies into the initial distribution. This would set initial targets according to the principle of expanding opportunity for geographic choice in housing.
- Recalculate the local percentage shares using current data on all factors.
- Evaluate the new Congressional formulas for "entitlement" Community Development Block Grants (Housing and Community Development Act of 1977) and/or alternatives for this factor in the Basic Distribution formula.



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